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**Pioneer**

**PIONEER GLOBAL GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00224)**

**INTERIM RESULTS FOR THE SIX MONTHS  
ENDED 30 SEPTEMBER 2016**

The Board of Directors of Pioneer Global Group Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2016, together with the comparative figures for the corresponding period in 2015 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

		<b>For the six months ended 30 September</b>	
		<b>2016</b>	2015
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Turnover			
Company and subsidiaries		<b>156,281</b>	129,932
Share of associates		<b>94,334</b>	44,241
		<b>250,615</b>	174,173
Turnover of Company and subsidiaries	4	<b>156,281</b>	129,932
Properties operating expenses		<b>(22,846)</b>	(24,373)
Staff costs		<b>(6,351)</b>	(6,194)
Depreciation		<b>(147)</b>	(182)
Other expenses		<b>(2,837)</b>	(2,806)
		<b>(32,181)</b>	(33,555)

		<b>For the six months ended</b>	
		<b>30 September</b>	
		<b>2016</b>	2015
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
Operating profit	3	<b>124,100</b>	96,377
Share of (loss)/profit of associates		<b>(19,146)</b>	791
Change in fair value of investment properties		<b>123,238</b>	235,884
Other gains and losses	5	<b>78,204</b>	(1,418)
Finance costs		<b>(21,307)</b>	(20,320)
Profit before taxation	6	<b>285,089</b>	311,314
Taxation			
– current	7	<b>(7,685)</b>	(6,315)
– deferred	7	<b>(4,744)</b>	(3,882)
Profit for the period		<b>272,660</b>	301,117
Profit attributable to:			
Shareholders of the Company		<b>235,128</b>	257,584
Non-controlling interests		<b>37,532</b>	43,533
		<b>272,660</b>	301,117
Interim dividend	8	<b>16,157</b>	16,157
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9	<b>20.37</b>	22.32

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit for the period	<u>272,660</u>	<u>301,117</u>
Other comprehensive income/(expense)		
Items that will not be reclassified to profit or loss:		
Transfer from investment revaluation reserve	–	(174,497)
to property revaluation reserve – associates	<u>–</u>	<u>174,497</u>
	–	–
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments		
– subsidiaries	(493)	(28,630)
– associates	–	(2,101)
Exchange difference on translation of associates	<u>7,639</u>	<u>–</u>
	<b>7,146</b>	(30,731)
Other comprehensive income/(expense) for the period	<u>7,146</u>	<u>(30,731)</u>
Total comprehensive income for the period	<u><b>279,806</b></u>	<u><b>270,386</b></u>
Total comprehensive income attributable to:		
Shareholders of the Company	247,795	226,811
Non-controlling interests	<u>32,011</u>	<u>43,575</u>
	<u><b>279,806</b></u>	<u><b>270,386</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>30 September 2016 (Unaudited) HK\$'000</b>	31 March 2016 (Audited) HK\$'000
<b>ASSETS</b>			
Non-current assets			
Investment properties		6,483,300	6,353,900
Associates		1,020,627	1,178,575
Available for sale investments		472,945	387,533
Property, plant and equipment		1,326	1,474
Other assets		300	300
		<b>7,978,498</b>	<b>7,921,782</b>
Current assets			
Debtors, advances & prepayments	10	103,751	52,128
Available for sale investments		68,913	80,529
Financial assets at fair value		1,219	1,220
Cash & bank balances		233,469	108,482
Tax assets		–	221
		<b>407,352</b>	<b>242,580</b>
<b>Total assets</b>		<b>8,385,850</b>	<b>8,164,362</b>
<b>EQUITY</b>			
Share capital		115,404	115,404
Reserves		5,261,367	5,013,572
Shareholders' funds		5,376,771	5,128,976
Non-controlling interests		837,346	830,787
<b>Total equity</b>		<b>6,214,117</b>	<b>5,959,763</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Creditors & accruals	11	54,706	49,889
Secured bank loans		1,252,752	2,011,729
Deferred taxation		58,775	54,031
		<b>1,366,233</b>	<b>2,115,649</b>
Current liabilities			
Creditors & accruals	11	34,536	34,299
Secured bank loans		763,500	54,651
Tax liabilities		7,464	–
		<b>805,500</b>	<b>88,950</b>
<b>Total liabilities</b>		<b>2,171,733</b>	<b>2,204,599</b>
<b>Total equity and liabilities</b>		<b>8,385,850</b>	<b>8,164,362</b>

Notes:

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2016 have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

## 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the preparation of the condensed consolidated financial statements are consistent with those used in the Group’s annual consolidated financial statements for the year ended 31 March 2016, except for the changes set out below.

During the current period, the Group has applied a number of new and revised standards, amendments to standards and interpretations (“new and revised HKFRSs”) issued by the HKICPA which are relevant to its operations.

HKAS 1 (Amendments)	Presentation of Financial Statements – Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities – Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The Group considered that the adoption of these new and revised HKFRSs had no material effect on the results and financial position of the Group and/or disclosures set out in these condensed consolidated financial statements.

### **New and revised HKFRSs in issue but not yet effective**

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKAS 7 (Amendments)	Statement of Cash Flows <sup>1</sup>
HKAS 12 (Amendments)	Income Taxes <sup>1</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

The Group is in the process of making an assessment of the potential impact of the above new and revised HKFRSs. The Group is not yet in a position to determine the impact of these new and revised HKFRSs on the results of operations and financial position of the Group.

### 3. SEGMENT INFORMATION

Segment information is presented in respect of the Group primary business segment. In accordance with the internal financial reporting of the Group provided to the chief operating decision maker (i.e. Board of Directors) for the purposes of allocating resources to segments, assessing their performance and making strategic decisions, the reportable segments are (i) property and hotels and (ii) investments and others.

The following is an analysis of the Group's turnover and results by reportable and operating segments for the period under review:

#### Segment Result

For the six months ended 30 September 2016 (30 September 2015)

	Property and hotels		Investments and others		Consolidated	
	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment turnover</b>						
Company and subsidiaries	<b>132,948</b>	118,838	<b>23,333</b>	11,094	<b>156,281</b>	129,932
<b>Segment result</b>	<b>101,166</b>	86,034	<b>23,094</b>	10,476	<b>124,260</b>	96,510
Unallocated corporate expenses					<b>(160)</b>	(133)
Operating profit					<b>124,100</b>	96,377
Share of (loss)/profit of associates	<b>(19,146)</b>	791	–	–	<b>(19,146)</b>	791
Change in fair value of investment properties	<b>123,238</b>	235,884	–	–	<b>123,238</b>	235,884
Other gains and losses	<b>2,150</b>	–	<b>76,054</b>	(1,418)	<b>78,204</b>	(1,418)
Finance costs					<b>(21,307)</b>	(20,320)
Taxation					<b>(12,429)</b>	(10,197)
Non-controlling interests					<b>(37,532)</b>	(43,533)
Profit attributable to shareholders of the Company					<b>235,128</b>	257,584

Segment result represents the profit earned by each segment without allocation of general administrative expenses incurred by corporate office, share of profit or loss of associates, change in fair value of investment properties, finance costs and taxation. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

## Segment Assets and Liabilities

As at 30 September 2016 (31 March 2016)

	Property and hotels		Investments and others		Consolidated	
	September 2016 HK\$'000	March 2016 HK\$'000	September 2016 HK\$'000	March 2016 HK\$'000	September 2016 HK\$'000	March 2016 HK\$'000
Segment assets	<b>6,771,545</b>	6,611,257	<b>593,678</b>	374,530	<b>7,365,223</b>	6,985,787
Investment in associates	<b>1,020,627</b>	1,178,575	–	–	<b>1,020,627</b>	1,178,575
Consolidated total assets					<b><u>8,385,850</u></b>	<b><u>8,164,362</u></b>
Segment liabilities	<b>(2,170,545)</b>	(2,203,221)	<b>(34)</b>	(651)	<b>(2,170,579)</b>	(2,203,872)
Unallocated corporate liabilities					<b><u>(1,154)</u></b>	<b><u>(727)</u></b>
Consolidated total liabilities					<b><u>(2,171,733)</u></b>	<b><u>(2,204,599)</u></b>

## Geographical Segments

In geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. Overseas segments mainly include China, Thailand and Malaysia.

For the six months ended 30 September 2016 (30 September 2015)

	Segment revenue	
	September 2016 HK\$'000	September 2015 HK\$'000
Hong Kong	<b>137,520</b>	125,665
Overseas	<b>18,761</b>	4,267
	<b><u>156,281</u></b>	<b><u>129,932</u></b>

As at 30 September 2016 (31 March 2016)

	Segment assets	
	September 2016 HK\$'000	March 2016 HK\$'000
Hong Kong	<b>6,939,966</b>	6,722,819
Overseas	<b>425,257</b>	262,968
	<b><u>7,365,223</u></b>	<b><u>6,985,787</u></b>

#### 4. TURNOVER

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Rental income	109,362	100,421
Property expenses recovery	23,586	18,416
Dividend income	21,498	8,707
Interest income	1,821	2,388
Others	14	–
	<u>156,281</u>	<u>129,932</u>

#### 5. OTHER GAINS AND LOSSES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net gain on disposal of available for sale investments	77,279	1,319
Gain on disposal of a subsidiary	2,150	–
Decrease in fair value of financial assets	(1)	(575)
Exchange loss	(1,224)	(2,162)
	<u>78,204</u>	<u>(1,418)</u>

#### 6. PROFIT BEFORE TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
<b>Profit before taxation has been arrived at after charging:</b>		
Interest on bank loans wholly repayable within five years	21,307	20,320
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	6,244	6,002
Pension scheme contributions	107	104
Auditors' remuneration	271	246
Depreciation	147	182
Exchange loss	1,224	2,162
<b>and after crediting:</b>		
Rental income from investment properties	109,362	100,421
Less: other income/(direct outgoings)	1,083	(5,116)
Listed investment income	5,867	6,246
Unlisted investment income	15,631	2,461
Interest income	1,821	2,388

#### 7. TAXATION

	2016			2015		
	Current taxation <i>HK\$'000</i>	Deferred taxation <i>HK\$'000</i>	Total <i>HK\$'000</i>	Current taxation <i>HK\$'000</i>	Deferred taxation <i>HK\$'000</i>	Total <i>HK\$'000</i>
The Company and its subsidiaries						
Hong Kong	7,685	4,894	12,579	6,315	3,857	10,172
Overseas	–	(150)	(150)	–	25	25
	<u>7,685</u>	<u>4,744</u>	<u>12,429</u>	<u>6,315</u>	<u>3,882</u>	<u>10,197</u>



Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated Hong Kong source assessable profits for the period. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

## 8. INTERIM DIVIDEND

The Board of Directors declares an interim dividend of HK1.40 cents (2015: HK1.40 cents) per ordinary share, totaling HK\$16,157,000 for the six months ended 30 September 2016 (2015: HK\$16,157,000) to shareholders whose names appear on the register of members of the Company at the close of business on 23 December 2016. This amount is not included as a liability in these interim financial statements.

## 9. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$235,128,000 (2015: HK\$257,584,000) and on 1,154,038,656 shares (2015: 1,154,038,656 shares) in issue during the period.

No diluted earnings per share have been presented for the periods ended 30 September 2016 and 30 September 2015 as the Company had no dilutive potential ordinary shares during both periods.

## 10. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayment comprised the following:

	<b>30 September 2016 HK\$'000</b>	31 March 2016 HK\$'000
Deferred rental receivables	22,024	22,467
Dividend receivable	1,087	15,983
Deposit paid to acquire a subsidiary	64,800	–
Other deposits and prepayments	9,783	7,624
Trade and rental debtors	6,057	6,054
	<u>103,751</u>	<u>52,128</u>

Trade and rental debtors mainly comprise rental receivables. Rent from leasing of investment properties are normally received in advance.

At the reporting date, the aging analysis of the trade and rental debtors was as follows:

	<b>30 September 2016 HK\$'000</b>	31 March 2016 HK\$'000
0 – 30 days	3,452	5,390
31 – 60 days	2,167	464
61 – 90 days	384	199
> 90 days	54	1
	<u>6,057</u>	<u>6,054</u>

## 11. CREDITORS & ACCRUALS

	<b>30 September 2016 HK\$'000</b>	31 March 2016 HK\$'000
Creditors and accruals (due within one year)		
Rental deposits received	<b>15,933</b>	22,349
Accruals	<b>5,610</b>	6,914
Trade payables	<b>12,993</b>	5,036
	<b>34,536</b>	34,299
Creditors and accruals (due more than one year)		
Rental deposits received	<b>54,706</b>	49,889
	<b>89,242</b>	84,188

At the reporting date, the aging analysis of the trade payables based on the date of the invoices was as follows:

	<b>30 September 2016 HK\$'000</b>	31 March 2016 HK\$'000
0 – 30 days	<b>11,023</b>	3,443
31 – 60 days	<b>983</b>	234
61 – 90 days	<b>139</b>	241
> 90 days	<b>848</b>	1,118
	<b>12,993</b>	5,036

## 12. EVENTS AFTER THE REPORTING DATE

On 8 September 2016, the Group has entered into a provisional agreement to acquire the property at Kiu Fat Building commercial podium, Nos. 115-119 Queen's Road West, Sai Ying Pun, Hong Kong at a cash consideration of HK\$648.0 million. The Group has an option to acquire the entire share interests of the holding company of the property. On 18 October 2016, the Group has exercised the option and entered into a share purchase agreement. Deposits of HK\$129.6 million were paid and the balance of consideration, HK\$518.4 million, shall be paid upon completion on or before 28 February 2017. Details of the transaction were provided in the Company's announcement dated 19 October 2016.

## BUSINESS REVIEW

The first surprise of 2016 was the June referendum in the UK when voters chose “Brexit”, voting for the country to leave the EU. That referendum initially plunged world financial markets into turmoil and the British Pounds collapsed to its 30 years low. However, the financial shock from the vote prompted central bankers around the world to support markets through aggressive monetary policies and the US Fed to delay its planned interest rate increase. The result is markets bounced back strongly due to the liquidity provided by the central banks. The second surprise was the recent election of Donald Trump as the next US President. Markets has been reacting favorably after an initial drop, but the longer term impact is too early to call. Both of these events represent “protest votes” against the establishment political and economic orders, signaling discontent by large segments of population that felt left behind by free trade and globalization. That such “protests” happened first in the UK and US is all the more surprising as these two are among the most prosperous nations in the world and had been leaders in the global political and economic orders in the post cold war world. In Hong Kong, the rise of anti-establishment politics and the more extreme “Hong Kong Independence” movement also represent a similar protest as those seen in the US and UK, again signaling a segment of population that felt disenfranchised. These are indeed worrying trends that will bring a lot of uncertainties and potential chaos to the world economy and markets that we operate in.

Against this backdrop, the Hong Kong residential market rebounded on the back of sustained low interest rate (as the US Fed held rates unchanged since December 2015) and continued lack of supply. The Hong Kong government reacted by introducing yet another special stamp duty on the residential market in order to calm the price rise. The office market also performed strongly due to substantial investment interest from Chinese firms. The most difficult sectors in Hong Kong continued to be retail and hotels, as the slowdown in economic growth and anti-corruption campaign in China have led to a downturn in tourism and retail sales here.

During the first half of 2016, Thailand’s tourism markets performed strongly on the back of record number of tourist arrivals. Performance of the Bangkok market is particularly impressive considering the terrorist bombing in the Thai capital only in August 2015. While Pattaya continued to suffer from the downturn of the Russian market, Asian travelers are making up lost numbers and we have seen early signs of the return of Russian tourists. However, the Thai tourism industry is seeing more headwind in the second half of the year. First, the Thai government began to crack down on “zero dollar” cheap Chinese tours in recent months, leading to substantial number of cancellations by Chinese tour groups. Second, the recent death of the revered HM King Bhumibol has plunged the country into deep mourning, significantly affecting F&B and MICE industries in the near future.

For the interim period ended 30 September 2016, the Group’s total turnover (including share of associates) was HK\$250.6 million, a 43.9% increase compared to HK\$174.2 million during the same period in 2015. The increase in turnover was due to improved performance from the Group’s investment properties in Hong Kong, strong performance from Pullman Bangkok Hotel G, as well as the acquisition of the InterContinental Hong Kong in October 2015. Operating profits for the interim period also increased to HK\$124.1 million, a 28.7% increase from HK\$96.4 million in 2015. Net profits attributable to shareholders was HK\$235.1 million, down from HK\$257.6 million in 2015. The decrease in net profits was due to lower gain in fair value of investment properties (HK\$123.2 million during this interim period compared to HK\$235.9 million in 2015).

## Property Investments (Hong Kong and China)

As at 30 September 2016, the Group's investment property Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong had an occupancy rate of 65%. Due to increased competition in the leasing market in East Kowloon area, the leasing of the remaining vacancy (mainly consists of two retail podium floors (1-2/F) and the top floor (10/F) of the building) has been more challenging than expected. In October 2016, a lease was signed for 10/F of the building, bringing occupancy rate up to 74%. For the interim period ended 30 September 2016, Pioneer Place contributed rental and related revenues of HK\$25.0 million and a fair value increase of HK\$20.0 million.

The Group owns 60% in the 68 Yee Wo Street building (229,200 sq. ft.) in Causeway Bay, Hong Kong. This investment property has continued to perform well and enjoys an occupancy rate of 100% at the close of the interim period. For the six months ended 30 September 2016, the property contributed rental and related revenues of HK\$65.1 million and a fair value increase of HK\$45.1 million to the Group.

The Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong has also continued to perform well, enjoying an occupancy rate of 100% and rising rental rates. In particular, the building's retail podium renovation was completed in September 2015 and is now fully occupied by two tenants. For the interim period, the property contributed HK\$26.2 million in rental and related revenues and HK\$29.1 million in fair value increase to the Group.

As at 30 September 2016, the Pemberton Building (70,616 sq. ft.) in Sheung Wan, Hong Kong enjoyed an occupancy rate of 100% and contributed HK\$15.8 million in rental and related revenues and a fair value increase of HK\$29.7 million for the interim period.

During the interim period, the Shanghai K. Wah Centre (a GFA 750,000 sq. ft. commercial tower in Shanghai held 15.4% through the Group's 50.0% owned associated company) contributed an associated profit of HK\$5.7 million to the Group.

The Group, together with an investment consortium managed by Gaw Capital Partners, owns a 98.68% stake in Ciro's Plaza, a 84,968 sq.m. commercial building located at 388 Nanjing West Road in Shanghai, China. The Group's effective equity stake in the consortium is 4%. As at 30 September 2016, Ciro's Plaza had an occupancy rate of 96%. The consortium plans to renovate the podium façade and certain key common areas and hold the property as a long term investment.

In June 2016, the Group sold its 50% stake in Jie Fang Building in Guangzhou's Yuexiu District for a net consideration of HK\$68.8 million. This sale realized an investment return multiple of about 4 times.

## **Investments in Hotel Industry**

The Group's investments in the hotel industry have all been made through associated companies.

For the six months ended 30 September 2016, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associated company) had revenues of Baht 251.4 million (HK\$55.1 million equivalent) (2015: Baht 233.6 million, HK\$52.4 million equivalent) and operating profits of Baht 85.5 million (HK\$18.7 million equivalent) (2015: Baht 76.6 million, HK\$17.2 million equivalent). During the same period, the Pullman Pattaya Hotel G (held by the Group through the same 49.5% owned associate that holds the Pullman Bangkok Hotel G) had revenues of Baht 175.3 million (HK\$38.4 million equivalent) (2015: Baht 134.1 million, HK\$30.1 million equivalent) and operating profits of Baht 60.7 million (HK\$13.3 million equivalent) (2015: Baht 31.4 million, HK\$7.0 million equivalent).

The Group's unlisted associated company (40.69% owned by the Group), Strand Hotels International Limited, is in a 50/50 joint venture with the government of Myanmar to own and operate three hotels in Yangon – the Strand Hotel, the Inya Lake Hotel, and the Thamada Hotel. As part of the approval by the government to extend the lease terms of the hotels until 2043 plus two ten year extensions (at our option), the JV company will undertake major renovations and expansions of the three properties. The renovation of the Strand Hotel has recently been completed and the hotel has been reopened early November 2016. The Thamada Hotel renovation is progressing as planned and works are expected to be completed by end of March 2017 and the hotel will be relaunched as Hotel G Yangon. Meanwhile, the Strand Annex redevelopment is pending construction permit approval. During the interim period, the three hotels had revenues of US\$3.3 million (2015: US\$4.9 million) and operating profits of US\$1.6 million (2015: US\$2.3 million).

The "Strand Cruise", owned by a subsidiary of Strand Hotels International Limited, is a luxury river cruise ship with 27 cabins operating in the Ayeyarwady River in Myanmar. The cruise ship was launched in December 2015 and has been marketed with packages in conjunction with the Strand Hotel in Yangon under the same brand name. During the interim period, the Strand Cruise was mostly not in operation as it was low season in Myanmar. The cruise will begin operation again in November for its first full season.

Since 30 September 2015, the Group holds a 10% interest in the 503 rooms InterContinental Hong Kong. The InterContinental Hong Kong is one of the leading 5 star hotels in the territory and is world renowned for its commanding harbor view and Michelin star restaurants. The joint venture is currently working on plans to upgrade the hotel's guest rooms and facilities, with renovation works expected to commence in 2018. During the interim period, this hotel generated revenues of HK\$479.3 million and operating profits of HK\$155.4 million. And despite a downturn in tourism in Hong Kong, the InterContinental Hong Kong continued to maintain an average occupancy of 84% during this period.

## **PROSPECTS**

In October 2016, the Group signed a binding agreement to acquire the holding company of the 56,740 sq. ft. commercial podium of Kiu Fat Building (115-119 Queen's Road West) in Sai Ying Pun, Hong Kong for the agreed property value of HK\$648.0 million. The transaction is expected to complete in February 2017. With the extension of the MTR line to the western districts of Hong Kong Island, old neighborhoods in these areas have continued to improve; hence the Group is very optimistic about the long term prospects of Sai Ying Pun. The Group intends to hold the property as a long term investment and will carry out refurbishments to improve the tenant mix.

In August 2016, the Group sold its long held shares in Asia Financial Holdings Ltd., generating sales proceeds of HK\$156.0 million and a gain of HK\$79.8 million. While the Group believes that Asia Financial Holdings Ltd. is a very well managed company and continues to believe in its long term prospects, the disposal gave the Group an opportunity to monetize a non-core holding. The additional liquidity from the disposal will allow us to continue to take advantage of attractive investment opportunities as they arise.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

The Group continued to enjoy a strong and healthy financial position with cash & bank balances of HK\$233.5 million and marketable securities of HK\$401.7 million. At 30 September 2016, the Group's total debts to total assets ratio was 24.0% (31 March 2016: 25.3%) and net debt to total assets ratio was 21.3% (31 March 2016: 24.0%).

### Pledge of Assets

As at 30 September 2016, investment properties with a carrying value of approximately HK\$6,430 million (31 March 2016: investment properties with a carrying value of approximately HK\$6,300 million and available for sale investments of approximately HK\$13 million) were pledged to secure bank loan facilities to the extent of HK\$2,121 million (31 March 2016: HK\$2,122 million), among which HK\$2,016 million (31 March 2016: HK\$2,066 million) has been utilized.

### Contingent Liabilities

As at the reporting date, the Group had guarantees as follows:

	<b>30 September 2016 HK\$'000</b>	31 March 2016 HK\$'000
Guarantees		
– given to bank in respect of banking facilities utilized by subsidiaries	<b>1,006,500</b>	1,056,995
– given to bank in respect of banking facilities utilized by associates	<b>129,113</b>	143,946

## EMPLOYEES

As at 30 September 2016, the number of salaried staff at the holding company level was 17 (31 March 2016: 18). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

## **INTERIM DIVIDEND**

The Board of Directors recommends the payment of an interim dividend for the six months ended 30 September 2016 at the rate of HK1.40 cents per share (2015: HK1.40 cents), payable on 20 January 2017 to all persons registered as shareholders on 23 December 2016. The transfer books and register of members of the Company will be closed from 21 December 2016 to 23 December 2016, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 December 2016.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

During the six months ended 30 September 2016, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

## **CORPORATE GOVERNANCE**

During the six months ended 30 September 2016, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

## **REVIEW OF INTERIM REPORT**

The Audit Committee comprises three independent non-executive directors, including Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip. The Committee has reviewed and recommended for board approval of the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2016.

By Order of the Board  
**Kenneth Gaw**  
*Managing Director*

Hong Kong, 24 November 2016

*As at the date of this announcement, the executive directors of the Company are Mrs. Rossana Wang Gaw, Mr. Goodwin Gaw, Mr. Kenneth Gaw, Ms. Christina Gaw and Mr. Alan Kam Hung Lee and the independent non-executive directors of the Company are Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip.*