



PIONEER GLOBAL GROUP LIMITED
建生國際集團有限公司

Stock Code : 00224



INTERIM REPORT **2015**



PIONEER GLOBAL GROUP LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Rossana WANG GAW, *Chairman*

Goodwin GAW, *Vice Chairman*

Kenneth GAW, *Managing Director*

Christina GAW

Alan Kam Hung LEE

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, JP

Arnold Tin Chee IP

Stephen TAN

AUDIT COMMITTEE

Dr. Charles Wai Bun CHEUNG, JP, *Chairman*

Arnold Tin Chee IP

Stephen TAN

COMPANY SECRETARY

Tsui Yan LAW

BANKERS

Bank of Communications Co., Ltd.

Hong Kong Branch

Citibank N.A. Hong Kong

Standard Chartered Bank

(Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

SOLICITORS

Baker & McKenzie

Mayer Brown JSM

Fangda Partners

AUDITORS

Wong Brothers & Co.

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL OFFICE IN HONG KONG

20th Floor, Lyndhurst Tower
No. 1 Lyndhurst Terrace
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Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08, Bermuda

SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
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INFORMATION

<http://www.pioneerglobalgroup.com>

<http://www.irasia.com/listco/hk/pioneer/index.htm>

Bloomberg: 224:HK

Reuters: 0224.hk

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 2015, together with the comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended	
		30 September	
		2015	2014
	Notes	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Turnover			
Company and subsidiaries		129,932	102,251
Share of associates		44,241	42,949
		174,173	145,200
Turnover of Company and subsidiaries	5	129,932	102,251
Properties operating expenses		(24,373)	(19,035)
Staff costs		(6,194)	(5,759)
Depreciation		(182)	(224)
Other expenses		(2,806)	(1,980)
		(33,555)	(26,998)
Operating profit	4	96,377	75,253
Share of profits of associates		791	2,271
Change in fair value of investment properties		235,884	233,163
Other gains and losses	6	(1,418)	2,032
Finance costs		(20,320)	(18,644)
Profit before taxation	7	311,314	294,075
Taxation			
– current	8	(6,315)	(5,635)
– deferred	8	(3,882)	(4,249)
Profit for the period		301,117	284,191
Profit attributable to:			
Shareholders of the Company		257,584	236,525
Non-controlling interests		43,533	47,666
		301,117	284,191
Interim dividend	9	16,157	15,003
		HK cents	HK cents
Earnings per share	10	22.32	20.50

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	301,117	284,191
Other comprehensive (expense)/income		
Items that will not be reclassified to profit or loss:		
Transfer from investment revaluation reserve	(174,497)	–
to property revaluation reserve (associates)	174,497	–
	–	–
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments		
– subsidiaries	(28,630)	7,618
– associates	(2,101)	10,944
Exchange difference on translation of associates	–	168
	(30,731)	18,730
Other comprehensive (expense)/income for the period	(30,731)	18,730
Total comprehensive income for the period	270,386	302,921
Total comprehensive income attributable to:		
Shareholders of the Company	226,811	252,111
Non-controlling interests	43,575	50,810
	270,386	302,921

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Investment properties	11	6,373,200	6,121,100
Associates		1,101,174	765,925
Available for sale investments	17	316,775	321,653
Property, plant and equipment		1,644	1,817
Other assets		300	300
		7,793,093	7,210,795
Current assets			
Debtors, advances & prepayments	12	32,243	26,204
Available for sale investments	17	83,331	2,189
Financial assets at fair value	17	1,038	1,614
Cash & bank balances	13	171,134	244,906
		287,746	274,913
Total assets		8,080,839	7,485,708
EQUITY			
Share capital		115,404	115,404
Reserves		4,905,877	4,711,379
Shareholders' funds		5,021,281	4,826,783
Non-controlling interests		818,204	801,276
Total equity		5,839,485	5,628,059

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		30 September	31 March
		2015	2015
		(Unaudited)	(Audited)
	Notes	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Creditors & accruals	14	53,028	53,299
Secured bank loans	15	1,001,096	635,242
Deferred taxation		51,654	47,772
		1,105,778	736,313
Current liabilities			
Creditors & accruals	14	26,825	19,191
Secured bank loans	15	1,100,724	1,100,433
Tax liabilities		8,027	1,712
		1,135,576	1,121,336
Total liabilities		2,241,354	1,857,649
Total equity and liabilities		8,080,839	7,485,708

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	86,403	53,225
Cash flows from investing activities		
Interest received	3,001	1,743
Dividend received	8,707	7,214
Addition to investment properties	(16,216)	(102,037)
Associates:		
Advance to associates	(854)	(909)
Distribution from associates	60,143	1,880
Investment of a new associate	(395,848)	–
Available for sale investments:		
Purchase of available for sale investments	(107,434)	(48,181)
Distribution from available for sale investments	–	1,553
Proceeds on disposal of available for sale investments	3,860	3,744
Purchase of property, plant and equipment	(9)	(69)
Proceeds on disposal of financial assets at fair value	–	1,393
Net cash used in investing activities	(444,650)	(133,669)
Cash flows from financing activities		
Interest paid	(20,548)	(18,629)
Distributions to non-controlling interest shareholders	(26,647)	(30,473)
Dividend paid to shareholders	(32,313)	(28,851)
Deferred payment repaid	–	(20,500)
Bank loan raised	370,000	136,104
Bank loan repaid	(3,855)	(2,500)
Net cash generated from financing activities	286,637	35,151

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	For the six months ended	
	30 September	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Decrease in cash and cash equivalents	(71,610)	(45,293)
Effect of foreign exchange rate changes	(2,162)	(119)
Cash and cash equivalents at 1 April	244,906	175,430
Cash and cash equivalents at 30 September	171,134	130,018
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks up to three months' maturity	171,134	130,018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve & contributed surplus HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2015	115,404	547,748	41,242	6,646	248,743	-	3,867,000	4,826,783	801,276	5,628,059
Fair value change of available for sale investments										
- subsidiaries	-	-	-	-	(28,672)	-	-	(28,672)	-	(28,672)
- non-controlling interests	-	-	-	-	-	-	-	-	42	42
- associates	-	-	-	-	(2,101)	-	-	(2,101)	-	(2,101)
Transfer from investment revaluation reserve to property revaluation reserve (associates)	-	-	-	-	(174,497)	174,497	-	-	-	-
Profit for the period	-	-	-	-	-	-	257,584	257,584	43,533	301,117
Total comprehensive income for the period	-	-	-	-	(205,270)	174,497	257,584	226,811	43,575	270,386
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(26,647)	(26,647)
2015 final dividend paid	-	-	-	-	-	-	(32,313)	(32,313)	-	(32,313)
As at 30 September 2015	115,404	547,748	41,242	6,646	43,473	174,497	4,092,271	5,021,281	818,204	5,839,485
At 1 April 2014	115,404	547,748	41,242	6,646	235,697	-	3,106,610	4,053,347	741,188	4,794,535
Fair value change of available for sale investments										
- subsidiaries	-	-	-	-	4,474	-	-	4,474	-	4,474
- non-controlling interests	-	-	-	-	-	-	-	-	3,144	3,144
- associates	-	-	-	-	10,944	-	-	10,944	-	10,944
Exchange on translation of associates	-	-	-	168	-	-	-	168	-	168
Profit for the period	-	-	-	-	-	-	236,525	236,525	47,666	284,191
Total comprehensive income for the period	-	-	-	168	15,418	-	236,525	252,111	50,810	302,921
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(30,473)	(30,473)
2014 final dividend paid	-	-	-	-	-	-	(28,851)	(28,851)	-	(28,851)
As at 30 September 2014	115,404	547,748	41,242	6,814	251,115	-	3,314,284	4,276,607	761,525	5,038,132

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2015

1. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2015 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 2015, 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 19 (Amendments)	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 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.

2. Application of Hong Kong Financial Reporting Standards and Principal Accounting Policies (Continued)

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 1 (Amendments)	Presentation of Financial Statements – Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortization ¹
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ¹
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ¹
HKFRS 9	Financial Instruments ³
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities – Applying the Consolidation Exception ¹
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2018

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. Financial Risks Management

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. There have been no changes in the Group's financial risk management policies and procedures since year ended 31 March 2015.

4. Segment Information

Segment information is presented in respect of the Group primary business segments. 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.

4. Segment Information (Continued)

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

Segment Result

For the six months ended 30 September 2015 (30 September 2014)

	Property and hotels		Investments and others		Consolidated	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Segment turnover						
Company and subsidiaries	118,838	92,717	11,094	9,534	129,932	102,251
Segment result	86,034	66,119	10,476	9,266	96,510	75,385
Unallocated corporate expenses					(133)	(132)
Operating profit					96,377	75,253
Share of profits of associates	791	2,271	-	-	791	2,271
Change in fair value of investment properties	235,884	233,163	-	-	235,884	233,163
Other gains and losses	-	-	(1,418)	2,032	(1,418)	2,032
Finance costs					(20,320)	(18,644)
Taxation					(10,197)	(9,884)
Non-controlling interests					(43,533)	(47,666)
Profit attributable to shareholders of the Company					257,584	236,525
Other information						
Capital expenditure	412,918	102,946	107,434	48,181	520,352	151,127

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.

4. Segment Information (Continued)

Segment Assets and Liabilities

As at 30 September 2015 (31 March 2015)

	Property and hotels		Investments and others		Consolidated	
	September	March	September	March	September	March
	2015	2015	2015	2015	2015	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	6,539,416	6,313,063	440,249	406,720	6,979,665	6,719,783
Investment in associates	1,101,174	765,925	-	-	1,101,174	765,925
Consolidated total assets					8,080,839	7,485,708
Segment liabilities	(2,239,341)	(1,855,856)	(859)	(1,060)	(2,240,200)	(1,856,916)
Unallocated corporate liabilities					(1,154)	(733)
Consolidated total liabilities					(2,241,354)	(1,857,649)

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 include China, Thailand, Malaysia and Singapore.

For the six months ended 30 September 2015 (30 September 2014)

	Segment revenue	
	September	September
	2015	2014
	HK\$'000	HK\$'000
Hong Kong	125,665	98,242
Overseas	4,267	4,009
	129,932	102,251

4. Segment Information (Continued)

Geographical Segments (Continued)

As at 30 September 2015 (31 March 2015)

	Segment assets	
	September 2015 HK\$'000	March 2015 HK\$'000
Hong Kong	6,774,822	6,578,842
Overseas	204,843	140,941
	6,979,665	6,719,783

5. Turnover

	2015 HK\$'000	2014 HK\$'000
Rental income	100,421	78,402
Property expenses recovery	18,416	14,315
Dividend income	8,707	7,214
Interest income	2,388	1,927
Others	-	393
	129,932	102,251

6. Other Gains and Losses

	2015 HK\$'000	2014 HK\$'000
Net gain on disposal of available for sale investments	1,319	1,476
(Decrease)/increase in fair value of financial assets	(575)	570
Exchange loss	(2,162)	-
Other losses	-	(14)
	(1,418)	2,032

7. Profit Before Taxation

	2015 HK\$'000	2014 HK\$'000
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	20,320	18,644
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	6,002	5,716
Pension scheme contributions	104	89
Auditors' remuneration	246	246
Depreciation	182	224
Provision/(over-provision) for long service payments to employees	88	(46)
and after crediting:		
Rental income from investment properties	100,421	78,402
Less: direct outgoings	(5,116)	(3,451)
Listed investment income	6,246	4,420
Unlisted investment income	2,461	2,794
Interest income	2,388	1,927
Exchange (loss)/gain	(2,162)	393

8. Taxation

	2015			2014		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
The Company and its subsidiaries						
Hong Kong	6,315	3,857	10,172	5,620	4,199	9,819
Overseas	-	25	25	15	50	65
	6,315	3,882	10,197	5,635	4,249	9,884

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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.

9. Interim Dividend

The Board of Directors declares an interim dividend of HK1.40 cents (2014: HK1.30 cents) per ordinary share, totaling HK\$16,157,000 for the six months ended 30 September 2015 (2014: HK\$15,003,000) to shareholders whose names appear on the register of members of the Company at the close of business on 24 December 2015. This amount is not included as a liability in these interim financial statements.

10. Earnings Per Share

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$257,584,000 (2014: HK\$236,525,000) and on 1,154,038,656 shares (2014: 1,154,038,656 shares) in issue during the period.

No diluted earnings per share have been presented for the periods ended 30 September 2015 and 30 September 2014 as the Company had no dilutive potential ordinary shares during both periods.

11. Investment Properties

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
At valuation at 31 March 2015 (31 March 2014)	6,121,100	5,220,700
Additions	16,216	146,763
Revaluation	235,884	753,637
At 30 September 2015 (31 March 2015)	6,373,200	6,121,100

The fair value of the Group's investment properties at 30 September 2015 and 31 March 2015 has been arrived at on the basis of a valuation carried out on that date by AA Property Services Limited, an independent qualified professional valuer not connected with the Group. In estimating the fair value of the investment properties, the Directors have considered the highest and best use of the properties.

As at 30 September 2015, the fair value of the investment properties (except for an investment property that has 80-years leasehold interest) was determined on the basis of capitalization of the net income receivable with due allowance for reversionary income potential. As at 31 March 2015, the fair value of the investment properties (except for an investment property that has 80-years leasehold interest) were determined using market comparison approach by reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available. The change of the valuation technique is adopted in order to be in line with the industry practice. The overall impact on the change in valuation technique is not material.

11. Investment Properties (Continued)

As at 30 September 2015 and 31 March 2015, the fair value of the 80-year leasehold interest property in Hong Kong was determined using investment approach whereby the net rental income receivable from the property with due allowance for reversionary rental income potential is capitalized at an appropriate rate of returns for the residue of the term of the lease.

12. Debtors, Advances & Prepayments

Debtors, advances & prepayments comprised the following:

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Deferred rental receivables	23,357	17,153
Other deposits and prepayments	6,120	6,648
Trade and rental debtors	2,766	2,403
	32,243	26,204

Trade and rental debtors mainly comprise rental receivables. Rent from leasing of investment properties are recognized according to the date of debit notes and normally received in advance.

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

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
0 – 30 days	2,357	1,323
31 – 60 days	208	651
61 – 90 days	200	85
> 90 days	1	344
	2,766	2,403

13. Cash & Bank Balances

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Cash at bank and in hand	142,269	92,903
Short-term bank deposits	28,865	152,003
Cash and cash equivalents	171,134	244,906

14. Creditors & Accruals

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Creditors and accruals (due within one year)		
Rental deposits received	12,269	7,716
Accruals	7,454	5,881
Trade payables	7,102	5,594
	26,825	19,191
Creditors and accruals (due more than one year)		
Rental deposits received	53,028	53,299
	79,853	72,490

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

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
0 – 30 days	5,885	4,139
31 – 60 days	256	350
61 – 90 days	432	116
> 90 days	529	989
	7,102	5,594

15. Secured Bank Loans

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Current		
Repayable within one year	1,100,724	1,100,433
Non-current		
Repayable more than one year but not exceeding two years	1,001,096	–
Repayable more than two years but not exceeding five years	–	635,242
	1,001,096	635,242

All bank loans are denominated in Hong Kong dollars, except for bank loans of HK\$241,596,000 which is denominated in United States dollars and HK\$800,000 which is denominated in Euro (31 March 2015: bank loans of HK\$245,742,000 which was denominated in United States dollars and HK\$1,374,000 which was denominated in Euro). The effective interest rate at 30 September 2015 was 2.09% p.a. (31 March 2015: 2.18% p.a.). The carrying amount of bank loans approximates their fair value based on prevailing market interest rate.

At the reporting date, properties with a carrying value of approximately HK\$6,320,000,000 (31 March 2015: HK\$6,070,000,000) and available for sale investments with a carrying value of approximately HK\$16,840,000 (31 March 2015: HK\$17,711,000) were pledged to secure banking and other loan facilities to the extent of HK\$2,123,740,000 (31 March 2015: HK\$1,758,222,000) of which HK\$2,102,740,000 (31 March 2015: HK\$1,737,222,000) was utilized at that date.

At the reporting date, bank balance of HK\$52,090,000 (31 March 2015: HK\$81,871,000) were charged by the lending bank to secure the principal and interest payments of the bank loan.

16. Guarantees and Commitments

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Guarantees		
– given to bank in respect of banking facilities utilized by subsidiaries	1,087,096	721,242
– given to bank in respect of banking facilities utilized by associates	145,739	162,565
– on utility deposits	533	533
Commitments (contracted but not provided for)		
– for total future minimum lease payments in respect of land and buildings		
– not later than one year	2,979	2,230
– later than one year and not later than five years	1,440	764
– for purchase of available for sale investments		
– not later than one year	7,299	1,316

17. Fair Value Measurement of Financial Instruments

The Group's financial instruments are classified as available for sale investments and financial assets at fair value, which are measured at fair value. The financial instruments are grouped into 3 levels based on the degree to which the inputs to the fair value measurements are observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

17. Fair Value Measurement of Financial Instruments (Continued)

The following table provides an analysis of the Group's financial instruments that are grouped into different levels of fair value measurements.

	30 September 2015			31 March 2015		
	HK\$'000 Level 1	HK\$'000 Level 3	HK\$'000 Total	HK\$'000 Level 1	HK\$'000 Level 3	HK\$'000 Total
Non-current Assets						
Available for sale investments						
Listed investments						
In Hong Kong	198,942	-	198,942	202,979	-	202,979
Outside Hong Kong	26,060	-	26,060	27,994	-	27,994
Unlisted investments						
In Hong Kong	-	37	37	-	37	37
Outside Hong Kong	-	91,736	91,736	-	90,643	90,643
	225,002	91,773	316,775	230,973	90,680	321,653
Current Assets						
Available for sale investments						
Listed investments						
In Hong Kong	15,718	-	15,718	-	-	-
Outside Hong Kong	67,613	-	67,613	2,189	-	2,189
Financial assets at fair value						
Listed investments						
Outside Hong Kong	1,038	-	1,038	1,614	-	1,614
	84,369	-	84,369	3,803	-	3,803

As at 30 September 2015, the Group had no Level 2 financial instruments. There were no transfers or reclassifications of financial assets during the period ended 30 September 2015.

The fair value of listed investments that are measured using quoted market prices (Level 1) is the current bid price at the reporting date.

The fair value of unlisted investments that are measured using unobservable market data (Level 3) is derived from the net asset value of the investments.

17. Fair Value Measurement of Financial Instruments (Continued)

The following table shows the movement of Level 3 financial instruments during the period:

	30 September 2015 HK\$'000	31 March 2015 HK\$'000
Unlisted available for sale investments		
At 1 April 2015 (1 April 2014)	90,680	69,554
Additions	1,823	23,400
Return of capital	-	(2,052)
Total gains or losses:		
In other comprehensive income as change in fair value of available for sale investments of subsidiaries	(730)	(222)
At 30 September 2015 (31 March 2015)	91,773	90,680

18. Related Party Transaction

Key management personnel compensation

The remuneration of Directors and other members of key management during the period were as follows:

	2015 HK\$'000	2014 HK\$'000
Fees	125	100
Salaries, allowances and benefits	4,083	3,929
Pension scheme contributions	24	18
	4,232	4,047

The remuneration of Directors and other members of key management were reviewed by Remuneration Committee with reference to their duties, responsibility, performance and the prevailing market conditions.

19. Events After the Reporting Date and Connected Transaction

On 7 October 2015, Kind Regent Holdings Limited, a wholly owned subsidiary of the Company entered into a sale and purchase agreement to purchase 4% of the issued shares of True Partner Investments Limited for about HK\$60.1 million. After restructuring, True Partner Investments Limited, through a property holding company, will own 98.68% of Ciro's Plaza, a commercial building located at 388 Nanjing West Road, Huangpa District, Shanghai. As the sellers are connected persons of the Company, this transaction constitutes a connected transaction under the Listing Rules. Details of the transaction were provided in the Company's announcement dated 7 October 2015.

BUSINESS REVIEW

The first 9 months of 2015 was tumultuous for the Chinese economy. The GDP growth rate fell below 7% for the first time in a decade. The stock market first boomed on the back of optimism on reforms and liquidity injected by the government and then crashed during the summer due to a combination of policy measures and profit taking by investors. Add to that the bungled devaluation of the RMB in August, many saw a perfect storm scenario and predicted hard landing or even “bubble bursting” for the Chinese economy. Since the tumultuous month of August, the Chinese government has continued monetary easing (cutting interest rate and bank reserve ratio requirement) to stabilize the financial market. The property market has also shown signs of a recovery, especially in the key tier-one cities. When examined closely, we feel that China is going through the transition from traditional export-led manufacturing economy to a service based one driven by domestic consumption and higher value services. While export and manufacturing sectors have slowed, domestic consumption and service industries have continued to grow. We remain optimistic that the government’s policy of promoting innovation and encouraging entrepreneurship will support the growth of China’s economy, in particular financial market.

Amidst the chaos of the surprise RMB devaluation in August and the correction of the China stock markets, global markets were deeply shaken, leading to the US Fed delaying its much anticipated interest rate rise. As global markets have since stabilized, it is now likely for the US Fed to raise rates before the end of this year. However, we also believe that any rate increase will be slow and gradual. The continued low interest rate environment and supply/demand imbalance has provided support for the Hong Kong property sector despite a price decline long predicted by many experts. And the prime office sector has also performed well on the back of the expansion of finance sector due to the Shanghai-Hong Kong Stock Connect scheme. On the other hand, the slowdown in economic growth and anti-corruption campaign in China have led to a downturn in tourism and luxury retail sales in Hong Kong.

In Thailand, the army coup in May 2014 brought back law and order after the capital city Bangkok was rocked by months of violent street protests. While the stability is a much welcomed reprieve, GDP growth for the country has been down and consumer confidence is weak. The export sector has also been lackluster. The only key bright spot for the economy has been the tourism sector. Bangkok's hotel occupancy recovered strongly following the May coup and 2015 was on track for a superb year until the August terrorist bombing. Despite the negative impact of the terror attack, the market recovered quickly in the subsequent months, indicating the resilience of the tourism market for Thailand.

For the six months ended 30 September 2015, the Group's turnover (including share of associates) amounted to HK\$174.2 million, a 20.0% increase from a year earlier. Operating profits increased by 28.0% to HK\$96.4 million (2014: HK\$75.3 million). Net profits attributable to shareholders during the interim period was HK\$257.6 million, compared to HK\$236.5 million in 2014. The increase in turnover and profits were due mainly to the commencement of rental income from Pioneer Place, which reopened in August 2014 after an extensive renovation for the conversion of the building into a high class commercial building in Kowloon.

Property Investments

The Group's investment property Pioneer Place (245,678 sq.ft.) in Kwun Tong, Hong Kong reopened in August 2014 after an extensive renovation for the conversion of the building into a high class commercial building in Kowloon. Up to the end of the reporting period, occupancy of the building stood at 65%, at rental rates ranging from HK\$21 to HK\$30 per sq.ft. The remaining vacancy mainly consists of two retail podium floors (1-2/F) and the top floor (10/F) of the building. These are among the highest value space in the building and the management is continuing discussions with a number of prospective tenants. For the six months ended 30 September 2015, Pioneer Place contributed rental and related revenues of HK\$23.4 million and a fair value increase of HK\$85.1 million.

The Group's 60% owned 68 Yee Wo Street building (229,200 sq.ft.) in Causeway Bay, Hong Kong performed well, enjoying rising average rental rate and high occupancy at 96% as at the close of the reporting period. During the interim period ended 30 September 2015, the property contributed rental and related revenues of HK\$59.7 million and a fair value increase of HK\$78.6 million to the Group.

For the six months ended 30 September 2015, the Club Lusitano Building (80,100 sq.ft.) in Central, Hong Kong contributed HK\$21.5 million in rental and related revenues and HK\$51.0 million in fair value increase to the Group. The building's retail podium renovation was completed in September 2015 and is now fully leased to two tenants.

At the end of the interim period, the Pemberton Building (70,616 sq.ft.) in Sheung Wan, Hong Kong enjoyed an occupancy rate of 90% and contributed HK\$13.5 million in rental and related revenues and a fair value increase of HK\$19.2 million for the financial period.

During the reporting 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\$4.8 million to the Group.

Investments in Hotel Industry

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

After the army led coup in May 2014 restored law and order to Bangkok (from massive street protests), occupancy rates of hotels recovered. In fact, Bangkok was on track for a superb year until the terrorist bombing at the Erawan Shrine occurred in August. The terror attack had an immediate negative impact on the tourism market for Thailand. However, visitors returned surprisingly quickly in the subsequent months. At the moment, Q4 and high season bookings look promising for the Bangkok market. Pattaya, on the other hand, was more affected by the Russian economic downturn and devaluation of the rouble, as Russia was a key source market for the destination.

For the interim period ended 30 September 2015, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associated company) had revenues of Baht 233.6 million (2014: Baht 179.8 million) and operating profits of Baht 76.6 million (2014: Baht 41.8 million). For 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 134.1 million (2014: Baht 144.1 million) and operating profits of Baht 31.4 million (2014: Baht 40.5 million). Other than the negative effects of the aforementioned Russian downturn, the Pattaya property was also affected due to the renovation of the remaining un-renovated rooms during the year.

A 50% owned associated company of the Group holds 10.3% of Dusit Thani Public Company Limited (“Dusit Thani”), the leading owner and operator of hotels in Thailand. During the nine months ended 30 September 2015, Dusit Thani achieved total revenues of Baht 3.53 billion (2014 (Restated): Baht 3.32 billion) and net profit attributable to shareholders of Baht 91.4 million (2014: net loss of Baht 53.8 million).

The Group’s unlisted associated company (27.71% 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 in-principle 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. As such, the Thamada Hotel has commenced its renovation in Q3 2015 and the Strand Hotel and Annex is scheduled for renovation and redevelopment (of the Annex portion) during the low season of 2016.

PROSPECTS

The “Strand Cruise”, owned by a subsidiary of Strand Hotels International Limited, is a luxury river cruise ship with 27 cabins under construction in Myanmar. The cruise ship will be marketed with packages in conjunction with the Strand Hotel in Yangon under the same brand name. The ship has been completed in November 2015 and will be ready for service during the tourism high season of 2016.

On 30 September 2015, the Group together with an investment consortium, advised and managed by Gaw Capital Partners, acquired the company that holds 100% interest in the 503 rooms InterContinental Hong Kong. The Group invested HK\$395.8 million and will hold a 10% interest in this joint venture. The InterContinental Hong Kong is one of the leading 5 star hotels in the territory and is world renowned for its commanding harbour view and Michelin star restaurants. The joint venture plans to upgrade the hotel’s guest rooms and facilities to the highest global standards and will hold this asset as a long term investment.

On 7 October 2015, the Group entered into an investment agreement together with an investment consortium managed by Gaw Capital Partners to acquire a 98.68% stake in Ciro's Plaza, a commercial building located at 388 Nanjing West Road in Shanghai, China. The consortium will pay RMB2.9 billion for this investment, of which the Group will invest HK\$60.1 million for an effective equity stake of 4.0% of the consortium. Ciro's Plaza is a 84,968 sq.m. commercial tower with a prime location adjacent to People Square in Shanghai's Puxi district. As at the date of the commitment, Ciro's Plaza enjoyed an occupancy rate of 93%. The consortium plans to hold the property as a long term investment.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to enjoy a strong financial position with cash & bank balances of HK\$171.1 million and marketable securities of HK\$309.4 million. At 30 September 2015, the Group's total debts to total assets was 26.0% (31 March 2015: 23.2%) and net debt to total assets was 23.9% (31 March 2015: 19.9%).

EMPLOYEES

As at 30 September 2015, the number of salaried staff at the holding company level was 18 (2014: 17). 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.

DISCLOSURE OF DIRECTORS' INTERESTS

As at 30 September 2015, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors (the "Model Code") adopted by the Company to be notified to the Company and the Stock Exchange.

Long Position in Shares of the Company

	Number of ordinary shares					%
	Personal interests	Interests held by controlled corporation	Interests held by family trust	Total		
Rossana Wang Gaw	–	24,894,731 ¹	215,768,260 ²	240,662,991	20.85	
Kenneth Gaw	61,418,428	12,725,857 ³	41,305,864 ⁴	115,450,149	10.00	
Christina Gaw	–	19,699,216 ⁵	–	19,699,216	1.71	
Stephen Tan	–	4,440,754 ⁶	–	4,440,754	0.38	

- Mrs. Rossana Wang Gaw owns the entire issue share capital of Vitality Holdings Limited, which was beneficially interested in 24,894,731 shares.
- Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 215,768,260 shares.
- Mr. Kenneth Gaw owns the entire issued share capital of Top Elite Company Limited, which was beneficially interested in 12,725,857 shares.
- Family trust of which Mr. Kenneth Gaw is the sole beneficiary held an aggregate of 41,305,864 shares.
- Ms. Christina Gaw owns the entire issued share capital of Eternity Rich Investments Ltd., which was beneficially interested in 19,699,216 shares.
- Mr. Stephen Tan and his spouse together own 0.59% issued share capital of Bangkok Mercantile (Hong Kong) Co., Ltd., which was beneficially interested in 4,440,754 shares. Mr. Stephen Tan is the Chairman of Bangkok Mercantile (Hong Kong) Co., Ltd. and he can exercise control over the board.

Long Position in Shares of Associated Corporations

Name of company	Name of director	Number of ordinary shares held by controlled corporation	%
Pioneer Hospitality Siam (GBR) Limited	Rossana Wang Gaw	30,300,000*	50.5
Pioneer Hospitality Siam (GBR) Limited	Kenneth Gaw	30,300,000*	50.5
Keencity Properties Limited	Rossana Wang Gaw	5,019,205*	50.5
Keencity Properties Limited	Kenneth Gaw	5,019,205*	50.5
Pioneer iNetwork Limited	Rossana Wang Gaw	1*	50.0
Pioneer iNetwork Limited	Kenneth Gaw	1*	50.0

* Interested by Mrs. Rossana Wang Gaw and Mr. Kenneth Gaw represented the same interests and were therefore duplicated amongst these two directors for the purpose of the SFO.

Save as disclosed above, as at 30 September 2015, none of the Directors of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code adopted by the Company to be notified to the Company and the Stock Exchange.

DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2015, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Number of ordinary shares	%
Asset-Plus Investments Ltd.	115,403,866	10.00
Forward Investments Inc.	283,200,215	24.54
Intercontinental Enterprises Corporation	215,768,260 ¹	18.70
Prosperous Island Limited	97,324,936	8.43

1 Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 215,768,260 shares, which duplicated to those disclosed in "Long Position in Shares of the Company".

Save as disclosed above, the Directors were not aware of any other persons (other than a director or chief executive of the Company) who, as at 30 September 2015, had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES

As at 30 September 2015, no outstanding options granted under the share option scheme. During the six months period ended 30 September 2015, none of the directors had exercised any rights to subscribe for shares of the Company or any other body corporate.

INTERIM DIVIDEND

The Board of Directors recommends the payment of an interim dividend for the six months ended 30 September 2015 at the rate of HK1.40 cents per share (2014: HK1.30 cents), payable on 21 January 2016 to all persons registered as shareholders on 24 December 2015. The transfer books and register of members of the Company will be closed from 22 December 2015 to 24 December 2015, 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 Monday, 21 December 2015.

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 2015.

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

During the six months ended 30 September 2015, 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 2015, 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.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the period ended 30 September 2015.

By Order of the Board

Kenneth Gaw

Managing Director

Hong Kong, 26 November 2015