



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

Stock Code : 00224



INTERIM REPORT **2016**



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

Citibank N.A. Hong Kong

Standard Chartered Bank

(Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

SOLICITORS

Baker & McKenzie

Fangda Partners

Mayer Brown JSM

AUDITORS

Cheng & Cheng Limited

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL OFFICE IN HONG KONG

18th Floor
68 Yee Wo Street
Causeway Bay
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
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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 2016, together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended	
		30 September	
		2016	2015
	Notes	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Turnover			
Company and subsidiaries		156,281	129,932
Share of associates		94,334	44,241
		250,615	174,173
Turnover of Company and subsidiaries	5	156,281	129,932
Properties operating expenses		(22,846)	(24,373)
Staff costs		(6,351)	(6,194)
Depreciation		(147)	(182)
Other expenses		(2,837)	(2,806)
		(32,181)	(33,555)
Operating profit	4	124,100	96,377
Share of (loss)/profit of associates		(19,146)	791
Change in fair value of investment properties		123,238	235,884
Other gains and losses	6	78,204	(1,418)
Finance costs		(21,307)	(20,320)
Profit before taxation	7	285,089	311,314
Taxation			
– current	8	(7,685)	(6,315)
– deferred	8	(4,744)	(3,882)
Profit for the period		272,660	301,117
Profit attributable to:			
Shareholders of the Company		235,128	257,584
Non-controlling interests		37,532	43,533
		272,660	301,117
Interim dividend	9	16,157	16,157
		HK cents	HK cents
Earnings per share	10	20.37	22.32

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	272,660	301,117
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	–	174,497
	–	–
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	7,639	–
	7,146	(30,731)
Other comprehensive income/(expense) for the period	7,146	(30,731)
Total comprehensive income for the period	279,806	270,386
Total comprehensive income attributable to:		
Shareholders of the Company	247,795	226,811
Non-controlling interests	32,011	43,575
	279,806	270,386

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Investment properties	11	6,483,300	6,353,900
Associates		1,020,627	1,178,575
Available for sale investments	17	472,945	387,533
Property, plant and equipment		1,326	1,474
Other assets		300	300
		7,978,498	7,921,782
Current assets			
Debtors, advances & prepayments	12	103,751	52,128
Available for sale investments	17	68,913	80,529
Financial assets at fair value	17	1,219	1,220
Cash & bank balances	13	233,469	108,482
Tax assets		–	221
		407,352	242,580
Total assets		8,385,850	8,164,362
EQUITY			
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
Total equity		6,214,117	5,959,763

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		30 September	31 March
		2016	2016
		(Unaudited)	(Audited)
	Notes	HK\$'000	HK\$'000
LIABILITIES			
Non-current liabilities			
Creditors & accruals	14	54,706	49,889
Secured bank loans	15	1,252,752	2,011,729
Deferred taxation		58,775	54,031
		1,366,233	2,115,649
Current liabilities			
Creditors & accruals	14	34,536	34,299
Secured bank loans	15	763,500	54,651
Tax liabilities		7,464	–
		805,500	88,950
Total liabilities		2,171,733	2,204,599
Total equity and liabilities		8,385,850	8,164,362

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 2016	115,404	547,748	41,242	(29,638)	95,640	174,497	4,184,083	5,128,976	830,787	5,959,763
Fair value change of available for sale investments										
– subsidiaries	-	-	-	-	5,028	-	-	5,028	-	5,028
– non-controlling interests	-	-	-	-	-	-	-	-	(5,521)	(5,521)
Exchange on translation of associates	-	-	-	7,639	-	-	-	7,639	-	7,639
Profit for the period	-	-	-	-	-	-	235,128	235,128	37,532	272,660
Total comprehensive income for the period	-	-	-	7,639	5,028	-	235,128	247,795	32,011	279,806
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(25,452)	(25,452)
As at 30 September 2016	115,404	547,748	41,242	(21,999)	100,668	174,497	4,419,211	5,376,771	837,346	6,214,117
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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	118,330	86,403
Cash flows from investing activities		
Interest received	1,717	3,001
Dividend received	21,498	8,707
Addition to investment properties	(6,162)	(16,216)
Associates:		
Advance to associates	(14)	(854)
Distribution from associates	-	60,143
Investment of a new associate	-	(395,848)
Available for sale investments:		
Purchase of available for sale investments	(161,465)	(107,434)
Distribution from available for sale investments	969	-
Proceeds on disposal of available for sale investments	239,857	3,860
Deposit paid on acquisition of a subsidiary	(64,800)	-
Proceeds on disposal of a subsidiary	68,795	-
Purchase of property, plant and equipment	-	(9)
Net cash generated from/(used in) investing activities	100,395	(444,650)
Cash flows from financing activities		
Interest paid	(16,935)	(20,548)
Distributions to non-controlling interest shareholders	(25,452)	(26,647)
Dividend paid to shareholders	-	(32,313)
Bank loan raised	-	370,000
Bank loan repaid	(50,128)	(3,855)
Net cash (used in)/generated from financing activities	(92,515)	286,637

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	For the six months ended	
	30 September	
	2016	2015
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net increase/(decrease) in cash and cash equivalents	126,210	(71,610)
Effect of foreign exchange rate changes	(1,223)	(2,162)
Cash and cash equivalents at 1 April	108,482	244,906
Cash and cash equivalents at 30 September	233,469	171,134
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks up to three months' maturity	233,469	171,134

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2016

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.

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

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

² Effective for annual periods beginning on or after 1 January 2018

³ 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. 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 2016.

4. 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.

4. Segment Information (Continued)

The following is an analysis of the Group's turnover, result, assets and liabilities 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 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Segment turnover						
Company and subsidiaries	132,948	118,838	23,333	11,094	156,281	129,932
Segment result	101,166	86,034	23,094	10,476	124,260	96,510
Unallocated corporate expenses					(160)	(133)
Operating profit					124,100	96,377
Share of (loss)/profit of associates	(19,146)	791	-	-	(19,146)	791
Change in fair value of investment properties	123,238	235,884	-	-	123,238	235,884
Other gains and losses	2,150	-	76,054	(1,418)	78,204	(1,418)
Finance costs					(21,307)	(20,320)
Taxation					(12,429)	(10,197)
Non-controlling interests					(37,532)	(43,533)
Profit attributable to shareholders of the Company					235,128	257,584
Other information						
Capital expenditure	6,176	412,918	161,465	107,434	167,641	520,352

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 2016 (31 March 2016)

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

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	September
	2016	2015
	HK\$'000	HK\$'000
Hong Kong	137,520	125,665
Overseas	18,761	4,267
	156,281	129,932

4. Segment Information (Continued)

Geographical Segments (Continued)

As at 30 September 2016 (31 March 2016)

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

5. Turnover

	2016 HK\$'000	2015 HK\$'000
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	–
	156,281	129,932

6. Other Gains and Losses

	2016 HK\$'000	2015 HK\$'000
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)
	78,204	(1,418)

7. Profit before Taxation

	2016 HK\$'000	2015 HK\$'000
Profit before taxation has been arrived at after charging:		
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
and after crediting:		
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

8. Taxation

	2016			2015		
	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	7,685	4,894	12,579	6,315	3,857	10,172
Overseas	-	(150)	(150)	-	25	25
	7,685	4,744	12,429	6,315	3,882	10,197

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.

9. 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.

10. 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.

11. Investment Properties

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
At valuation at 31 March 2016 (31 March 2015)	6,353,900	6,121,100
Additions	6,162	24,765
Revaluation	123,238	208,035
At 30 September 2016 (31 March 2016)	6,483,300	6,353,900

The fair value of the Group's investment properties at 30 September 2016 and 31 March 2016 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 2016 and 31 March 2016, 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 30 September 2016 and 31 March 2016, 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 & prepayment comprised the following:

	30 September 2016 HK\$'000	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
	103,751	52,128

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 2016 HK\$'000	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
	6,057	6,054

13. Cash and Bank Balances

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Cash at bank and in hand	69,641	93,018
Short-term bank deposits	163,828	15,464
Cash and cash equivalents	233,469	108,482

14. Creditors & Accruals

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

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

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

15. Secured Bank Loans

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Current		
Repayable within one year	763,500	54,651
Non-current		
Repayable more than one year but not exceeding two years	–	999,995
Repayable more than two years but not exceeding five years	1,252,752	1,011,734
	1,252,752	2,011,729

All bank loans were denominated in Hong Kong dollars (31 March 2016: all bank loans were denominated in Hong Kong dollars except for a bank loan of HK\$651,000 which was denominated in Euro). The effective interest rate at 30 September 2016 was 1.80% p.a. (31 March 2016: 2.04% p.a.). The carrying amount of bank loans approximates their fair value based on prevailing market interest rate.

16. Guarantees and Commitments

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Guarantees		
– given to bank in respect of banking facilities utilized by subsidiaries	1,006,500	1,056,995
– given to bank in respect of banking facilities utilized by associates	129,113	143,946
– 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	2,808	2,993
– later than one year and not later than five years	2,222	3,473
– for purchase of available for sale investments		
– not later than one year	4,561	5,281
– for acquisition of a subsidiary		
– not later than one year	583,200	–
– for forward exchange contracts		
– not later than one year	–	80,087
	1,728,937	1,293,308

17. Fair Value Measurements 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).

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

	30 September 2016			31 March 2016		
	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 equity investments						
In Hong Kong	117,842	-	117,842	191,849	-	191,849
Outside Hong Kong	107,358	-	107,358	10,846	-	10,846
Listed debt securities/ investment funds						
In Hong Kong	19,553	-	19,553	19,201	-	19,201
Outside Hong Kong	86,675	-	86,675	6,809	-	6,809
Unlisted equity investments						
In Hong Kong	-	37	37	-	37	37
Outside Hong Kong	-	113,564	113,564	-	132,707	132,707
Unlisted investment funds						
Outside Hong Kong	-	27,916	27,916	-	26,084	26,084
	331,428	141,517	472,945	228,705	158,828	387,533
Current Assets						
Available for sale investments						
Listed debt securities						
Outside Hong Kong	68,913	-	68,913	80,529	-	80,529
Financial assets at fair value						
Listed equity investments						
Outside Hong Kong	1,219	-	1,219	1,220	-	1,220
	70,132	-	70,132	81,749	-	81,749

17. Fair Value Measurements of Financial Instruments (Continued)

As at 30 September 2016, the Group had no Level 2 financial instruments. There were no transfers or reclassifications of financial assets during the period ended 30 September 2016.

The fair value of the listed investments are measured using quoted prices in active market (level 1 inputs). They are derived from the current bid price of the listed shares, debt securities and investment funds at reporting date.

For unlisted investments that do not have quoted market price in active markets, they are measured using valuation techniques in which any significant input is based on observable market data (level 3 inputs). They are derived from the net asset value of the investments.

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

	30 September 2016 HK\$'000	31 March 2016 HK\$'000
Unlisted available for sale investments		
At 1 April 2016 (1 April 2015)	158,828	90,680
Additions	683	65,083
Return of capital	(970)	–
Total gains or losses:		
In other comprehensive income as change in fair value of available for sale investments of subsidiaries	(17,024)	3,065
At 30 September 2016 (31 March 2016)	141,517	158,828

18. Related Party Transactions

(a) Transaction with related party

Based on a lease agreement signed with Gaw Capital Advisors Limited, a related company where the directors have controlling interests, rental income of HK\$1,898,000 (2015: Nil) was received during the interim period.

(b) Key management personnel compensation

The remuneration of key management personnel (being Executive Directors) during the period were as follows:

	2016	2015
	HK\$'000	HK\$'000
Fees	125	125
Salaries, allowances and benefits	4,075	3,963
Pension scheme contributions	24	24
	4,224	4,112

19. Disposal of a Subsidiary

During the period, the Group disposed of a wholly owned subsidiary that has an interest in an associate for a cash consideration of HK\$68,795,000. The associate holds a property in Guangzhou. The net assets of the subsidiary at the date of disposal was as follows:

	HK\$'000
Non-current assets	
Associates	73,433
Current liabilities	
Amount due to immediate holding company	(4,680)
Other payables	(48)
	(4,728)
Net assets disposed of	68,705
Net cash inflow arising on disposal	
Cash consideration, net of tax	68,795

19. Disposal of a Subsidiary (Continued)

The gain on disposal of the subsidiary was as follows:

	HK\$'000
Cash consideration received, net of tax	68,795
Net assets disposed of	(68,705)
Release of exchange reserve on disposal	2,060
	2,150

20. Event 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 announcements dated 9 September 2016 and 19 October 2016 and the Company's circular dated 22 December 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\$401.6 million. At 30 September 2016, the total bank borrowings were HK\$2,016.3 million (31 March 2016: HK\$2,066.4 million). The borrowings were mainly mortgaged loans used to finance acquisition of investment properties. 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%).

Treasury Policies

The Group continues to adopt a prudent approach to manage its cash and debt.

The Group's exposure to foreign currency risk is small as the Group's financial assets and liabilities are substantially denominated in Hong Kong dollars and United States dollars. However, the Group will closely monitor the foreign currency exposure and utilize forward exchange contracts when considered necessary.

As at 30 September 2016, all of the Group's bank borrowings were in Hong Kong dollars and on a floating interest rate basis. The effective interest rate of the bank borrowings was 1.80% p.a. (31 March 2016: 2.04% p.a.).

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 30 September 2016, the Group had contingent liabilities in respect of guarantees given to subsidiaries and associates. Details of the guarantees are set out in note 16 to the financial statements.

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.

DISCLOSURE OF DIRECTORS' INTERESTS

As at 30 September 2016, 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 of Listed Issuers (the “Model Code”) adopted by the Company to be notified to the Company and the Stock Exchange.

Long Position in Shares of the Company

Name of director	Number of ordinary shares				
	Interests held			Total	%
	Personal interests	by controlled corporation	Interests held by family trust		
Rossana Wang Gaw	100,000	25,174,731 ¹	215,768,260 ²	241,042,991	20.89
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 25,174,731 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 2016, 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 2016, 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 2016, 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 2016, no outstanding options granted under the share option scheme. During the six months period ended 30 September 2016, 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 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.

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.

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.

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. Except for the incident disclosed in 2015/2016 annual report, the Company having made specific enquiry of all Directors, confirmed that all Directors have complied with the required standard set out in the Model Code throughout the period ended 30 September 2016.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 24 November 2016