



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

Stock Code : 00224



INTERIM REPORT **2019**



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

Hang Seng Bank Limited

SOLICITORS

Fangda Partners

Mayer Brown JSM

AUDITOR

CHENG & CHENG LIMITED

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PRINCIPAL OFFICE IN HONG KONG

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SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

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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 condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2019, together with the comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 September	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
	Notes		
Revenue			
Company and subsidiaries		148,834	146,053
Share of associates (<i>Note</i>)		183,855	195,260
		332,689	341,313
Revenue of Company and subsidiaries	5	148,834	146,053
Properties operating expenses		(19,565)	(19,930)
Staff costs		(7,859)	(7,258)
Depreciation		(407)	(498)
Other expenses		(2,537)	(2,173)
		(30,368)	(29,859)
Operating profit	4	118,466	116,194
Share of results of associates		(43,626)	65,612
Change in fair value of investment properties		90,019	203,757
Change in fair value of investments in equity instruments at fair value through profit or loss (“FVTPL”)		(7,076)	–
Other gains and losses		398	(13)
Finance costs		(33,222)	(32,272)
Profit before taxation	6	124,959	353,278
Taxation			
Current	7	(8,609)	(8,227)
Deferred	7	(4,198)	(4,697)
Profit for the period		112,152	340,354
Profit attributable to:			
Shareholders of the Company		83,128	279,643
Non-controlling interests		29,024	60,711
		112,152	340,354
Interim dividend	8	17,311	17,311
		HK cents	HK cents
Earnings per share	9	7.20	24.23

Note: The amounts represent revenue generated by associates at the percentage of Group’s equity interest in associates.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	112,152	340,354
Other comprehensive income/(expense):		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI")	(20,426)	(27,012)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments in debt instruments at FVTOCI	(352)	(28)
Exchange difference on translation of associates	13,671	(12,437)
	(7,107)	(39,477)
Total comprehensive income for the period	105,045	300,877
Total comprehensive income attributable to:		
Shareholders of the Company	76,021	240,166
Non-controlling interests	29,024	60,711
	105,045	300,877

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Investment properties	10	7,620,000	7,525,000
Associates		2,303,119	2,337,377
Debt instruments at FVTOCI	17	1,939	1,907
Equity instruments designated at FVTOCI	17	252,824	273,267
Equity instruments at FVTPL	17	126,105	81,301
Property, plant & equipment	11	3,669	4,004
Other assets		300	300
		10,307,956	10,223,156
Current assets			
Debtors, advances & prepayments	12	21,488	20,507
Debt instruments at FVTOCI	17	3,306	71,134
Tax assets		292	1,893
Cash & bank balances	13	386,376	287,453
		411,462	380,987
Total assets		10,719,418	10,604,143
EQUITY			
Share capital		115,404	115,404
Reserves		7,056,034	6,980,013
Shareholders' funds		7,171,438	7,095,417
Non-controlling interests		1,095,756	1,066,732
Total equity		8,267,194	8,162,149

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		At 30 September 2019 (Unaudited) HK\$'000	At 31 March 2019 (Audited) HK\$'000
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Creditors & accruals	14	47,116	49,066
Secured bank loans	15	1,017,500	1,881,000
Obligations under finance lease		192	664
Deferred taxation		68,008	63,810
		1,132,816	1,994,540
Current liabilities			
Creditors & accruals	14	46,268	44,518
Secured bank loans	15	1,263,500	400,000
Obligations under finance lease		647	343
Tax liabilities		8,993	2,593
		1,319,408	447,454
Total liabilities		2,452,224	2,441,994
Total equity and liabilities		10,719,418	10,604,143

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Company

	Share capital	Share premium	Capital reserve & contributed surplus	Exchange reserve	Investment revaluation reserve	Property revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019	115,404	547,748	41,242	18,619	99,172	174,497	6,098,735	7,095,417	1,066,732	8,162,149
Fair value change of investments in										
– equity instruments designated at FVTOCI	–	–	–	–	(20,426)	–	–	(20,426)	–	(20,426)
– debt instruments at FVTOCI	–	–	–	–	(352)	–	–	(352)	–	(352)
Exchange on translation of associates	–	–	–	13,671	–	–	–	13,671	–	13,671
Other comprehensive income/ (expense) for the period	–	–	–	13,671	(20,778)	–	–	(7,107)	–	(7,107)
Profit for the period	–	–	–	–	–	–	83,128	83,128	29,024	112,152
Total comprehensive income/ (expense) for the period	–	–	–	13,671	(20,778)	–	83,128	76,021	29,024	105,045
At 30 September 2019	115,404	547,748	41,242	32,290	78,394	174,497	6,181,863	7,171,438	1,095,756	8,267,194

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

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 2018	115,404	547,748	41,242	25,920	204,722	174,497	5,512,368	6,621,901	982,384	7,604,285
Fair value change of investments in										
– equity instruments designated at FVTOCI	-	-	-	-	(27,012)	-	-	(27,012)	-	(27,012)
– debt instruments at FVTOCI	-	-	-	-	(28)	-	-	(28)	-	(28)
Exchange on translation of associates	-	-	-	(12,437)	-	-	-	(12,437)	-	(12,437)
Reclassified to retained earnings upon disposal of equity instruments designated at FVTOCI (<i>Note</i>)	-	-	-	-	(69,958)	-	69,958	-	-	-
Other comprehensive income/ (expense) for the period	-	-	-	(12,437)	(96,998)	-	69,958	(39,477)	-	(39,477)
Profit for the period	-	-	-	-	-	-	279,643	279,643	60,711	340,354
Total comprehensive income/ (expense) for the period	-	-	-	(12,437)	(96,998)	-	349,601	240,166	60,711	300,877
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(28,000)	(28,000)
At 30 September 2018	115,404	547,748	41,242	13,483	107,724	174,497	5,861,969	6,862,067	1,015,095	7,877,162

Note: On 9 May 2018, the Group sold 43,458,860 ordinary shares of Dusit Thani Public Company Limited (“Dusit”) for a total consideration of Baht 434.6 million (equivalent to approximately HK\$106.5 million). Net proceeds from disposal of ordinary shares of Dusit was HK\$104.3 million. The Group had designated the investment in Dusit as equity instruments at FVTOCI (non-recycling) at 1 April 2018 (formerly classified as available for sale investment under HKAS 39). As a result of the disposal, the Group realized a net gain of approximately HK\$70.0 million, which is transferred directly to retained earnings from investment revaluation reserve. Following the completion of the disposal, the Company ceased to be interested in Dusit. Details of the disposal were set out in the Company’s announcement dated 9 May 2018.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash generated from operating activities	108,301	103,863
Cash flows from investing activities		
Decrease in short-term bank deposits maturing after three months	3,370	–
Additions to investment properties	(4,981)	(243)
Associates:		
Advance to associates	(62)	(24)
Repayment from associates	4,753	4,752
Additional investment	(388)	–
Financial instruments:		
Purchase of equity instruments at FVTPL	(51,881)	–
Addition of equity instruments designated at FVTOCI	(235)	(489)
Proceeds from disposal of debt instruments at FVTOCI	67,860	–
Proceeds from disposal of equity instruments designated at FVTOCI	–	104,318
Return of capital of equity instruments designated at FVTOCI	253	–
Purchase of property, plant & equipment	(88)	(8)
Dividend received from equity instruments designated at FVTOCI	5,650	6,585
Interest received	4,055	3,414
Net cash generated from investing activities	28,306	118,305
Cash flows from financing activities		
Repayment of obligations under finance lease	(168)	(157)
Interest paid	(34,126)	(31,001)
Other finance cost paid	(18)	(29)
Distributions to non-controlling shareholders of subsidiaries	–	(28,000)
Net cash used in financing activities	(34,312)	(59,187)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	For the six months ended	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net increase in cash and cash equivalents	102,295	162,981
Effect of foreign exchange rate changes	(2)	(10)
Cash and cash equivalents at the beginning of the period	275,183	198,109
Cash and cash equivalents at the end of the period	377,476	361,080
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks up to three months' maturity	377,476	361,080

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2019 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 (“HKFRSs”) 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 unaudited condensed consolidated financial statements for the six months ended 30 September 2019 are consistent with those used in the Group’s annual consolidated financial statements for the year ended 31 March 2019, except for the changes in accounting policies resulting from application of new and amendments to HKFRSs issued by the HKICPA set out below.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group’s unaudited interim financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

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

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessor

Allocation of consideration to components of a contract

Effective on 1 April 2019, the Group applies HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

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

2.1 Impacts and changes in accounting policies of application on HKFRS 16 “Leases” (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

Definition of a lease (Continued)

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The directors of the Company have assessed the impact of the application of HKFRS 16 and concluded that there is no material impact on the unaudited condensed consolidated financial statements of the Group for the reporting period.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

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 the year ended 31 March 2019.

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 revenue and result by reportable and operating segments for the period under review:

Segment Result

For the six months ended 30 September 2019 (30 September 2018)

	Property and hotels		Investments and others		Consolidated	
	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000	2019 HK\$'000	2018 HK\$'000
Segment revenue						
Company and subsidiaries	138,658	135,191	10,176	10,862	148,834	146,053
Segment result	108,961	105,824	9,776	10,499	118,737	116,323
Unallocated corporate expenses					(271)	(129)
Operating profit					118,466	116,194
Share of results of associates	(43,626)	65,612	-	-	(43,626)	65,612
Change in fair value of investment properties	90,019	203,757	-	-	90,019	203,757
Change in fair value of investments in equity instruments at FVTPL	(7,076)	-	-	-	(7,076)	-
Other gains and losses	-	-	398	(13)	398	(13)
Finance costs					(33,222)	(32,272)
Profit before taxation					124,959	353,278
Other information						
Capital expenditure	57,312	267	323	497	57,635	764

Segment result represents the profit earned by each segment without allocation of general administrative expenses incurred by corporate office, share of results of associates, change in fair value of investment properties, change in fair value of investments in equity instruments at FVTPL, other gains and losses and finance costs. 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

At 30 September 2019 (31 March 2019)

	Property and hotels		Investments and others		Consolidated	
	30 September 2019 HK\$'000	31 March 2019 HK\$'000	30 September 2019 HK\$'000	31 March 2019 HK\$'000	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Segment assets	7,982,387	7,806,109	433,912	460,657	8,416,299	8,266,766
Investment in associates	2,303,119	2,337,377	-	-	2,303,119	2,337,377
Consolidated total assets					10,719,418	10,604,143
Segment liabilities	(2,449,379)	(2,439,791)	(1,755)	(920)	(2,451,134)	(2,440,711)
Unallocated corporate liabilities					(1,090)	(1,283)
Consolidated total liabilities					(2,452,224)	(2,441,994)

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than investment in associates.
- all liabilities are allocated to reportable and operating segments other than creditors and accruals of investment holding companies.

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.

4. Segment Information (Continued)

Geographical Segments (Continued)

For the six months ended 30 September 2019 (30 September 2018)

	Segment revenue	
	2019	2018
	HK\$'000	HK\$'000
Hong Kong	146,097	142,950
Overseas	2,737	3,103
	148,834	146,053

At 30 September 2019 (31 March 2019)

	Segment assets	
	30 September	31 March
	2019	2019
	HK\$'000	HK\$'000
Hong Kong	8,167,908	7,945,911
Overseas	248,391	320,855
	8,416,299	8,266,766

5. Revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2019 HK\$'000	2018 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Property expenses recovery from tenants <i>(Note)</i>	22,027	21,059
Revenue from other sources		
Rental income from property leasing	116,630	114,132
Dividend income	5,650	6,585
Interest income		
Financial assets at amortized cost	3,503	3,253
Debt instruments at FVTOCI	1,024	1,024
	148,834	146,053

Note: The Group provides property management services to tenants. Such income is recognized over time.

6. Profit before Taxation

	2019 HK\$'000	2018 HK\$'000
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	33,204	31,226
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	6,177	5,587
Minimum lease payment for directors' quarters	1,560	1,560
Pension scheme contributions	122	111
Auditor's remuneration	282	269
Depreciation	407	498
Exchange loss	2	10
and after crediting:		
Rental income from property leasing	116,630	114,132
Add: other income	3,016	1,494
Listed investment income	5,112	6,576
Unlisted investment income	538	9
Interest income	4,527	4,277

7. Taxation

	Current taxation HK\$'000	2019 Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	2018 Deferred taxation HK\$'000	Total HK\$'000
The Company and its subsidiaries						
Hong Kong	8,609	4,198	12,807	8,227	4,197	12,424
Overseas	-	-	-	-	500	500
	8,609	4,198	12,807	8,227	4,697	12,924

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated Hong Kong source assessable profits for the period. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

8. Interim Dividend

The Board of Directors declares an interim dividend of HK1.50 cents (2018: HK1.50 cents) per ordinary share, totaling HK\$17,311,000 for the six months ended 30 September 2019 (2018: HK\$17,311,000) to shareholders whose names appear on the register of members of the Company at the close of business on 20 December 2019. This amount is not included as a liability in these interim financial statements.

9. Earnings Per Share

Earnings per share is calculated on profit attributable to ordinary shareholders of the Company amounting to HK\$83,128,000 (2018: HK\$279,643,000) and on 1,154,038,656 shares (2018: 1,154,038,656 shares) in issue during the period.

No diluted earnings per share have been presented for the periods ended 30 September 2019 and 30 September 2018 as the Company had no dilutive potential ordinary shares during both periods.

10. Investment Properties

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
At valuation at 31 March 2019 (31 March 2018)	7,525,000	7,158,000
Additions	4,981	497
Revaluation	90,019	366,503
At 30 September 2019 (31 March 2019)	7,620,000	7,525,000

All the Group's property interests held under operating lease to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Investment properties have been valued at 30 September 2019 and 31 March 2019 by AA Property Services Limited, independent professional valuers, who have recognized relevant professional qualifications and experiences in valuation of properties. The directors of the Company had on-going discussions with the surveyors upon producing the valuation reports in respect of valuation assumption use and other inputs relevant for the valuations of the Group's investment properties.

As at 30 September 2019 and 31 March 2019, the fair value of the investment properties were determined on the basis of capitalization of the net income receivable with due allowance for reversionary income potential.

11. Property, Plant & Equipment

During the six months ended 30 September 2019, the Group acquired property, plant & equipment amounting to HK\$88,000 (2018: HK\$8,000).

12. Debtors, Advances & Prepayments

Debtors, advances & prepayments comprised the following:

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Deferred rental receivables	6,242	9,928
Other deposits and prepayments	8,155	5,940
Trade and rental debtors	7,091	4,639
	21,488	20,507

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

At the reporting date, the aging analysis of the trade and rental debtors based on the date of invoices and which are past due but not impaired was as follows:

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
0 – 30 days	6,152	4,367
31 – 60 days	866	111
61 – 90 days	58	60
> 90 days	15	101
	7,091	4,639

The Group considered the above trade and rental debtors are fully recoverable. The Group has not made any provision for bad and doubtful debts during the period and for the year ended 31 March 2019.

13. Cash & Bank Balances

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Cash at bank and in hand	24,698	34,091
Short-term bank deposits	352,778	241,092
Cash and cash equivalents	377,476	275,183
Short-term bank deposits maturing after three months	8,900	12,270
	386,376	287,453

14. Creditors & Accruals

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Creditors and accruals (due within one year)		
Rental deposits received	26,590	24,657
Accruals	14,114	13,846
Trade payables	5,564	6,015
	46,268	44,518
Creditors and accruals (due more than one year)		
Rental deposits received	47,116	49,066
	93,384	93,584

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

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
0 – 30 days	4,361	5,364
31 – 60 days	491	319
61 – 90 days	263	153
> 90 days	449	179
	5,564	6,015

15. Secured Bank Loans

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Current		
Repayable within one year	1,263,500	400,000
Non-current		
Repayable more than one year but not exceeding two years	–	863,500
Repayable more than two years but not exceeding five years	1,017,500	1,017,500
	1,017,500	1,881,000

As at 30 September 2019 and 31 March 2019, all bank loans were denominated in Hong Kong dollars. The effective interest rate at 30 September 2019 was 2.90% p.a. (31 March 2019: 2.52% p.a.).

16. Guarantees & Commitments

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
Guarantees		
given to bank in respect of banking facilities utilized by subsidiaries of the Company	1,879,800	1,879,800
Commitments (contracted but not provided for)		
for total future minimum lease payments in respect of land and buildings		
– not later than one year	1,770	2,670
– later than one year but not later than five years	660	1,320
for purchase of equity instruments designated at FVTOCI		
– not later than one year	1,958	2,259
	1,884,188	1,886,049

17. Fair Value Measurement of Financial Instruments

The Group's financial instruments are measured at fair value. They are classified as equity instruments at FVTPL, equity instruments designated at FVTOCI and debt instruments at FVTOCI under HKFRS 9 starting from 1 April 2018. They were classified as available for sale investments and financial assets at fair value under HKAS 39 previously. 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 within 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.

17. Fair Value Measurement of Financial Instruments (Continued)

	30 September 2019				31 March 2019			Total HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Investments in debt instruments at FVTOCI								
<i>Debt securities classified as current assets</i>								
Listed in Hong Kong	3,306	-	-	3,306	3,342	-	-	3,342
Listed outside Hong Kong	-	-	-	-	67,792	-	-	67,792
	3,306	-	-	3,306	71,134	-	-	71,134
<i>Debt securities classified as non-current assets</i>								
Listed outside Hong Kong	1,939	-	-	1,939	1,907	-	-	1,907
	1,939	-	-	1,939	1,907	-	-	1,907
Investments in equity instruments at FVTPL								
<i>Equity investments classified as non-current assets</i>								
Unlisted in Hong Kong	-	-	51,881	51,881	-	-	-	-
Unlisted outside Hong Kong	-	-	74,224	74,224	-	-	81,301	81,301
	-	-	126,105	126,105	-	-	81,301	81,301
Investments in equity instruments designated at FVTOCI								
<i>Equity investments classified as non-current assets</i>								
Listed in Hong Kong	123,505	-	-	123,505	143,733	-	-	143,733
Listed outside Hong Kong	1,284	-	-	1,284	1,440	-	-	1,440
Unlisted in Hong Kong	-	-	37	37	-	-	37	37
Unlisted outside Hong Kong	-	-	127,998	127,998	-	-	128,057	128,057
	124,789	-	128,035	252,824	145,173	-	128,094	273,267
	130,034	-	254,140	384,174	218,214	-	209,395	427,609

17. Fair Value Measurement of Financial Instruments (Continued)

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 maximizing the use of observable market data where it is available (level 2 inputs).

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).

The unlisted equity instruments at FVTPL represent (i) a 4% ownership in a company which indirectly holds an investment property in Shanghai, China for rental income and (ii) a new investment in a limited partnership which indirectly holds the properties of Cityplaza Three (half block) and Cityplaza Four, Nos. 12-14 Taikoo Wan Road, Taikoo, Hong Kong (the "Cityplaza Properties"). The Group participates in the consortium through the limited partnership which purchased 65% of Hengllong Investments Limited. Hengllong Investments Limited that holds the Cityplaza Properties. During the interim period, the Group has invested HK\$51.9 million in the project. Both investments were classified as level 3.

The unlisted equity instruments designated at FVTOCI outside Hong Kong mainly represent a 9.75% ownership in a Malaysian private company with principal operation in property development in Malaysia. The fair value measurement remains at level 3.

The following table shows the movement of level 3 financial instruments during the period/year:

	30 September 2019 HK\$'000	31 March 2019 HK\$'000
At 1 April 2019 (1 April 2018)	209,395	97,618
Additions	52,116	16,314
Return of capital	(253)	(334)
Transfer from level 2 (<i>Note</i>)	-	105,537
Total gains or losses recognized due to change in fair value of investments:		
In profit or loss	(7,076)	(9,721)
In other comprehensive income	(42)	(19)
At 30 September 2019 (31 March 2019)	254,140	209,395

Note: The Group's policy is to recognize transfer as at the end of the reporting period in which they occur.

18. Related Party Transactions

(a) Transactions with related parties

- (i) On 8 May 2019, Treasure Spot Investments Limited (“Treasure Spot”), a non-wholly owned subsidiary of the Company, as the landlord, entered into the lease agreements with Gaw Capital Advisors Limited (“GCAL”) and Gaw Capital Asset Management (HK) Ltd (“GCAM”), as the tenants, pursuant to which Treasure Spot agreed to lease the partial of 18th and 19th Floors and unit 1001, 10th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong to GCAL and GCAM respectively as office premises for a term of 3 years commencing from 1 July 2019 to 30 June 2022. The transactions constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Details of the transactions were set out in the Company’s announcement dated 8 May 2019.

Based on the lease agreements signed with the related companies, rental income of HK\$5,603,400 (2018: HK\$4,597,000) was accounted for in the interim period.

- (ii) On 24 May 2019, Pine International Limited, a wholly owned subsidiary of the Company, entered into a subscription agreement to invest in Gateway VI Co-Investment (Panorama), L.P. for a capital commitment of HK\$55.0 million. Gateway VI Co-Investment (Panorama), L.P. is one of the investors to participate in the consortium to purchase 65% of Henglilong Investments Limited, which holds the Cityplaza Properties. Upon completion of the transaction, the Group will hold 0.9% indirect interest in the Cityplaza Properties. Details of the transaction were set out in the Company’s announcement dated 24 May 2019. Capital contribution of HK\$51.9 million was made in the interim period.
- (iii) During the reporting period, management fee amounting to HK\$318,000 (2018: HK\$360,000) was paid to GCAL for sharing of staff and administrative expenses.

(b) Key management personnel compensation

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

	2019 HK\$'000	2018 HK\$'000
Directors' fees	138	138
Salaries, allowances and benefits	4,777	4,720
Pension scheme contributions	35	25
	4,950	4,883

BUSINESS REVIEW

Since June 2019, Hong Kong has been rocked by sometimes large scale public protests on the now withdrawn extradition law. However, even after the complete withdrawal of the extradition bill (which sparked the protests initially), the protests have continued and have been increasingly violent, with no ending in sight. While hotels and retail/restaurant businesses in prime tourist areas have been hit hard, other real estate sectors in Hong Kong, such as office and community malls, have so far been fairly resilient. And after the policy address in early mid-October relaxed mortgage lending ratios, the residential market even registered a surge in both price and volume.

It has been a challenging year for Thailand's tourism market in 2019, with both a surge in new supply and a slowdown in arrivals from its key Chinese market. While Thailand is still China's largest outbound destination, travels by Mainland Chinese to Thailand declined by 3.3% in the first six months of 2019, compared to double digit growth for both Japan and South Korea. As a result, both occupancy and average room rates dropped during the period for the Thai hotel industry. Out of the key Thai destinations, Pattaya and Bangkok (the two markets where the Group has presence) fared the best in terms of demand growth during the first eight months of 2019, with Pattaya and Bangkok registering a demand growth of 1.3% and -0.3% respectively, compared to -4.0% to -7.7% for the other key destinations.

During the six months period ended 30 September 2019, total revenue for the Group including share of associates was HK\$332.7 million, declining slightly by 2.5% from HK\$341.3 million during the same period in 2018. The drop was due to the sharp decline in revenues during August and September at the InterContinental Hong Kong as a result of the public protests in the territory. Operating profit sustained a slight increase to HK\$118.5 million, from HK\$116.2 million during the same period in 2018, as a result of the continued strong occupancy at the Group's investment properties. On the other hand, share of profits of associates suffered a loss of HK\$43.6 million mainly due to a decrease in fair value at the InterContinental Hong Kong, compared to a gain of HK\$65.6 million in 2018. Due to a slowdown in the Hong Kong economy, fair value increase in investment properties was only HK\$90.0 million, lower than the HK\$203.8 million gain in 2018. Finance costs during the period maintained largely flat at HK\$33.2 million, compared to HK\$32.3 million in 2018. The Group's net profit was HK\$112.2 million (2018: HK\$340.4 million), while net profit attributable to shareholders was HK\$83.1 million (2018: HK\$279.6 million). The decrease in net profit was the result of lower fair value increase in investment properties and the decline in fair market value for the InterContinental Hong Kong.

Property Investments (Hong Kong and Asia)

At 30 September 2019, the Group's investment property Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong continued to enjoy a high occupancy rate of 93%. For this interim period, Pioneer Place contributed rental and related revenues of HK\$32.7 million and a fair value increase of HK\$30.0 million.

The Group owns 60% in the 68 Yee Wo Street Building (229,200 sq. ft.) in Causeway Bay, Hong Kong. During the period, the Chinese restaurant (that has been a tenant here since 2010) that occupied most of the 1/F of the building had to close down due to losses suffered from business disruptions by the protest movements. This caused the occupancy of the building to drop from 100% to 94%. For the six months period ended 30 September 2019, the property contributed rental and related revenues of HK\$70.2 million and a fair value increase of HK\$36.2 million.

On the other hand, the Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong has continued to perform strongly, with an occupancy rate of 96% and increasing rental rates. For the period ended 30 September 2019, the property contributed HK\$29.6 million in rental and related revenues and HK\$21.8 million in fair value increase to the Group.

The lower and upper ground floor portions of the 56,740 sq. ft. commercial podium of Kiu Fat Building (115-119 Queen's Road West) in Sai Ying Pun, Hong Kong are still vacant, pending various negotiations with new tenants. The leasing environment at this property has been challenging due to the current market conditions, leading to a lower occupancy of 54%. For the reporting period, the property contributed HK\$5.2 million in rental and related revenues and no fair value increase to the Group.

For the interim period, the Group invested HK\$51.9 million (with a commitment of up to HK\$55.0 million including future capital requirements) in a consortium to acquire the Cityplaza Three (half block) and Cityplaza Four in Tai Koo Shing, Hong Kong. The two adjacent buildings have a total GFA of 792,780 sq. ft. and the acquisition price of HK\$15.0 billion represents a unit price of HK\$18,921 per sq. ft. The Group's investment constituted a 0.9% effective stake in the properties. The buildings enjoy full seaview from the Island East area of Hong Kong Island, and we believe the unit price of the acquisition is attractive. In addition, we believe that the newly opened Central-Wan Chai Bypass link to the Island Eastern Corridor has substantially improved the connectivity of Island East district to Central CBD, hence the district is poised to enjoy strong upward reversion in rental rates going forward. As at the end of the reporting period, the properties has an occupancy of 98%.

The Group has investments in Shanghai K. Wah Centre (7.7%) and Ciro's Plaza (4.0%), both of which are located in Shanghai, China. During the interim period, the properties had occupancies of 95% and 88% respectively in September 2019.

Since February 2019, the Group has also invested in an effective stake of 5.1% through an associate company in three adjacent commercial buildings in Tokyo, Japan. The three buildings are the Aoyama Building (400,594 sq. ft.), Mihashi Building (5,419 sq. ft.), and Clover Aoyama Building (9,250 sq. ft.) on Aoyama Dori next to the Akasaka Palace grounds and with a prime location on top of three subway lines. As at 30 September 2019, the three buildings have occupancy rates of 95%, 79%, and 90% respectively and the associate company has recorded an increase of fair value of HK\$46.7 million.

Hotel Investments (Hong Kong and Thailand)

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

Currently, the Group owns 30% in InterContinental Hong Kong and accounts for it as an associate company. The 503 rooms InterContinental Hong Kong is one of the leading 5 star hotels in the territory and world renowned for its commanding harbor view and Michelin star restaurants. As reported previously, the joint venture is continuing to work on plans to completely upgrade the hotel's guest rooms and facilities, with renovation works now expected to commence in 2021. Upon completion of the renovations, the hotel will be relaunched under the "Regent Hotel" brand and continued to be under the management of InterContinental Hotel Group. For the interim period ended 30 September 2019, the hotel generated revenues of HK\$433.6 million (2018: HK\$484.7 million) and operating profit of HK\$88.6 million (2018: HK\$127.9 million), with an average occupancy rate of 76%. Like all hotels in Hong Kong, the InterContinental Hong Kong was affected by the protests movement that started in June, and suffered substantially lower occupancy and room rates during the months of August and September after the protests turned violent.

For the six month period ended 30 September 2019, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associate company) had revenues of Baht 263.0 million (HK\$66.5 million equivalent) (2018: Baht 258.2 million, HK\$61.5 million equivalent) and operating profit of Baht 87.3 million (HK\$22.1 million equivalent) (2018: Baht 78.9 million, HK\$18.8 million equivalent), with an average occupancy of 81%.

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 166.9 million (HK\$42.2 million equivalent) (2018: Baht 164.6 million, HK\$39.2 million equivalent) and operating profit of Baht 51.7 million (HK\$13.1 million equivalent) (2018: Baht 50.9 million, HK\$12.1 million equivalent), with an average occupancy rate of 77%.

PROSPECTS

Up until the protest movements in Hong Kong starting in June, most of the Group's major investment properties (with the exception of Kiu Fat Building which is undergoing repositioning) and hotels have been enjoying high occupancy as well as stable or growing income. However, as of the time of this report, the protests have continued and have become increasingly violent. With tourism and MICE business hit hard, the occupancy and room rates at our InterContinental Hong Kong has suffered since August after the protests turned violent, and we expect the tough times to continue for the foreseeable future. While occupancy and rental rates for our office portfolio have been largely stable thus far, there are risks that the office market will also be negatively affected if the protest movements continue unabated.

The Group has maintained a strong balance sheet, with substantial liquidity position and low debt ratio (interest cover of 357% and total liabilities/total asset ratio of 23%). Hence despite the negative sentiments, we are confident that the Group will be able to weather the current volatile political and market conditions, and shall be in a position to take advantage should a price correction occur.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to enjoy a strong and healthy financial position. As at 30 September 2019, the Group had cash and bank balances amounting to HK\$386.4 million (31 March 2019: HK\$287.5 million) together with an undrawn standby banking facility of HK\$50.0 million.

As at 30 September 2019, the total bank borrowings of the Group were HK\$2,281.0 million (31 March 2019: HK\$2,281.0 million), including a bank loan of Kiu Fat Building Podium of HK\$400.0 million due on 27 February 2020 to be refinanced. The Group's total debts to total assets ratio was 21.3% (31 March 2019: 21.5%) and net debt to total assets ratio was 17.7% (31 March 2019: 18.8%).

There is no foreign currency risk to the Group's financial liabilities as they are all denominated in Hong Kong dollars. However, the Group has investments in associates operating in Thailand, China and Japan with carrying amounts of HK\$407.9 million, HK\$219.8 million and HK\$139.6 million equivalents respectively as at 30 September 2019 (31 March 2019: HK\$389.6 million, HK\$212.7 million and HK\$92.5 million equivalents respectively). The management will closely monitor the currency market and take any necessary measures to reduce the exposure.

Bank Loan Interest Rate Hedging

In June 2019, the Group entered into an interest rate swap for all bank borrowings. The interest rate is subsequently fixed at 2.9% per annum for a period of 24 months.

Pledge of Assets

As at 30 September 2019, investment properties with a carrying value of HK\$7,543.0 million (31 March 2019: HK\$7,450.0 million) were pledged to secure bank loan facilities to the extent of HK\$2,281.0 million (31 March 2019: HK\$2,281.0 million) of which all facilities have been fully utilized.

Contingent Liabilities

As at 30 September 2019, the Group had guarantees of HK\$1,879.8 million (31 March 2019: HK\$1,879.8 million) given to bank in respect of banking facilities utilized by subsidiaries.

EMPLOYEES

As at 30 September 2019, the number of salaried staff at the holding company level was 18 (31 March 2019: 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 2019, 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			Total	%
	Personal interests	Interests held 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	–	4,136,754 ⁶	–	4,136,754	0.36

- Mrs. Rossana Wang Gaw owns the entire issued 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 Limited, 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) Company Limited, which was beneficially interested in 4,136,754 shares. Mr. Stephen Tan is the Chairman of Bangkok Mercantile (Hong Kong) Company Limited and its directors are accustomed to act in accordance with the direction of Mr. Stephen Tan.

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

* 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 2019, 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 2019, 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 2019, 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 2019, no outstanding options granted under the share option scheme. During the six months period ended 30 September 2019, 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 2019 at the rate of HK1.50 cents per share (2018: HK1.50 cents), payable on 21 January 2020 to all persons registered as shareholders on 20 December 2019. The transfer books and register of members of the Company will be closed from 18 December 2019 to 20 December 2019 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, 17 December 2019.

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 2019.

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

During the six months ended 30 September 2019, 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 2019, 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. 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 2019.

By Order of the Board

Kenneth Gaw

Managing Director

Hong Kong, 21 November 2019