



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

Stock Code : 00224



INTERIM REPORT **2018**



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
46th Floor, Hopewell Centre
183 Queen's Road East
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INFORMATION

<http://www.pioneerglobalgroup.com>

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

Bloomberg: 224:HK

Reuters: 0224.hk

The Board of Directors of Pioneer Global Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2018, together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended	
		30 September	
		2018	2017
	Notes	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Turnover			
Company and subsidiaries		146,053	130,252
Share of associates (<i>Note a</i>)		195,260	159,471
		341,313	289,723
Turnover of Company and subsidiaries	5	146,053	130,252
Properties operating expenses		(19,930)	(21,937)
Staff costs		(7,258)	(6,690)
Depreciation		(498)	(1,082)
Other expenses		(2,173)	(2,359)
		(29,859)	(32,068)
Operating profit	4	116,194	98,184
Share of profits of associates		65,612	50,712
Change in fair value of investment properties		203,757	199,265
Other gains and losses		(13)	(50)
Finance costs		(32,272)	(25,416)
Profit before taxation	6	353,278	322,695
Taxation			
Current	7	(8,227)	(8,632)
Deferred	7	(4,697)	(5,076)
Profit for the period		340,354	308,987
Profit attributable to:			
Shareholders of the Company		279,643	277,812
Non-controlling interests		60,711	31,175
		340,354	308,987
Interim dividend	8	17,311	17,311
		HK cents	HK cents
Earnings per share	9	24.23	24.07

Note a: The amounts represent turnover 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	
	30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	340,354	308,987
Other comprehensive (expense)/income		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments in equity instruments at fair value through other comprehensive income	(27,012)	–
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of available for sale investments in subsidiaries	–	50,247
Change in fair value of investments in debt instruments at fair value through other comprehensive income	(28)	–
Exchange difference on translation of associates	(12,437)	1,254
	(39,477)	51,501
Total comprehensive income for the period	300,877	360,488
Total comprehensive income attributable to:		
Shareholders of the Company	240,166	327,830
Non-controlling interests	60,711	32,658
	300,877	360,488

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
	Notes		
ASSETS			
Non-current assets			
Investment properties	10	7,362,000	7,158,000
Associates		2,160,309	2,111,862
Available for sale investments	16	–	530,141
Equity instruments at fair value through other comprehensive income	16	328,017	–
Debt instruments at fair value through other comprehensive income	16	5,267	–
Property, plant & equipment		4,486	4,979
Other assets		300	300
		9,860,379	9,805,282
Current assets			
Debtors, advances & prepayments	11	30,275	25,464
Debt instruments at fair value through other comprehensive income	16	67,314	–
Financial assets at fair value		–	1,326
Cash & bank balances	12	361,080	198,109
		458,669	224,899
Total assets		10,319,048	10,030,181
EQUITY			
Share capital		115,404	115,404
Reserves		6,746,663	6,506,497
Shareholders' funds		6,862,067	6,621,901
Non-controlling interests		1,015,095	982,384
Total equity		7,877,162	7,604,285

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		At 30 September 2018 (Unaudited) HK\$'000	At 31 March 2018 (Audited) HK\$'000
	Notes		
LIABILITIES			
Non-current liabilities			
Creditors & accruals	13	51,704	47,073
Secured bank loans	14	1,263,500	1,263,500
Obligations under finance lease		839	1,008
Deferred taxation		59,867	55,170
		1,375,910	1,366,751
Current liabilities			
Creditors & accruals	13	40,144	42,200
Secured bank loan	14	1,016,822	1,015,804
Obligations under finance lease		332	320
Tax liabilities		8,678	821
		1,065,976	1,059,145
Total liabilities		2,441,886	2,425,896
Total equity and liabilities		10,319,048	10,030,181

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 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 at fair value through other comprehensive income	-	-	-	-	(27,012)	-	-	(27,012)	-	(27,012)
Fair value change of investments in debt instruments at fair value through other comprehensive income	-	-	-	-	(28)	-	-	(28)	-	(28)
Exchange on translation of associates	-	-	-	(12,437)	-	-	-	(12,437)	-	(12,437)
Reclassified to retained earnings upon disposal of equity instruments at fair value through other comprehensive income (Note a)	-	-	-	-	(69,958)	-	69,958	-	-	-
Profit for the period	-	-	-	-	-	-	279,643	279,643	60,711	340,354
Total comprehensive (expense)/ income for the period	-	-	-	(12,437)	(96,998)	-	349,601	240,166	60,711	300,877
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(28,000)	(28,000)
As 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 a: 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 fair value through other comprehensive income (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 CHANGES IN EQUITY (CONTINUED)

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 2017	115,404	547,748	41,242	(10,900)	102,415	174,497	4,940,802	5,911,208	900,425	6,811,633
Fair value change of available for sale investments										
– subsidiaries	-	-	-	-	48,764	-	-	48,764	-	48,764
– non-controlling interests	-	-	-	-	-	-	-	-	1,483	1,483
Exchange on translation of associates	-	-	-	1,254	-	-	-	1,254	-	1,254
Profit for the period	-	-	-	-	-	-	277,812	277,812	31,175	308,987
Total comprehensive income for the period	-	-	-	1,254	48,764	-	277,812	327,830	32,658	360,488
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(42,000)	(42,000)
As at 30 September 2017	115,404	547,748	41,242	(9,646)	151,179	174,497	5,218,614	6,239,038	891,083	7,130,121

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	113,862	98,583
Cash flows from investing activities		
Additions to investment properties	(243)	(7,035)
Associates:		
Advance to associates	(24)	(3)
Repayment from associates	4,752	–
Distribution from associates	–	612
Acquisition of additional interest in an associate	–	(453,552)
Financial instruments:		
Purchase of financial instruments	(489)	–
Proceeds from disposal of financial instruments	104,318	–
Available for sale investments:		
Purchase of available for sale investments	–	(798)
Distribution from available for sale investments	–	121
Proceeds from disposal of available for sale investments	–	96,785
Property, plant & equipment:		
Purchase of property, plant & equipment	(8)	(79)
Proceeds from disposal of property, plant & equipment	–	180
Net cash generated from/(used in) investing activities	108,306	(363,769)
Cash flows from financing activities		
Interest paid	(31,001)	(20,573)
Other finance cost paid	(29)	(4,936)
Distributions to non-controlling interest shareholders	(28,000)	(42,000)
Bank loan raised	–	1,018
Hire purchase loan repaid	(157)	(118)
Net cash used in financing activities	(59,187)	(66,609)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	For the six months ended	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net increase/(decrease) in cash and cash equivalents	162,981	(331,795)
Effect of foreign exchange rate changes	(10)	(276)
Cash and cash equivalents at the beginning of the period	198,109	472,473
Cash and cash equivalents at the end of the period	361,080	140,402
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks up to three months' maturity	361,080	140,402

NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 30 September 2018

1. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2018 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 2018 are consistent with those used in the Group’s annual consolidated financial statements for the year ended 31 March 2018, except for the changes in accounting policies resulting from application of new and amendments to HKFRSs issued by the HKICPA set out below.

During the current period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s unaudited condensed consolidated financial statements.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	Part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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 years 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)

HKFRS 9 “Financial Instruments”

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognized as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognized as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognized in the opening retained earnings and other components of equity, without restating comparative information. Accordingly, certain comparative information was prepared under HKAS 39 “Financial Instruments: Recognition and Measurement” and is not comparable to the information presented for the six months ended 30 September 2018.

Classification and Measurement

HKFRS 9 categorizes financial assets into three principal classification categories: measured at amortized cost, at fair value through other comprehensive income (“FVTOCI”) and at fair value through profit or loss (“FVTPL”). These supersede HKAS 39’s categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL.

The directors of the Company have reviewed and assessed the Group’s financial assets as at 1 April 2018 based on the Group’s financial instruments and risk management policies, and the contractual cash flow characteristics of each of the Group’s financial instruments.

The new classification and measurement of the Group’s financial assets are as follows:

- Debt instruments at FVTOCI are debt instruments held within a business model whose objective is achieved both by collecting contractual cash flows and selling the debt instruments in the open market, and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding. The fair value gains or losses are recognized in other comprehensive income and the accumulated investment revaluation reserve will subsequently be reclassified to profit or loss when the debt instruments are derecognized.
- Equity instruments at FVTOCI are initially measured at fair value plus transaction costs. The fair value gains or losses are recognized in other comprehensive income and accumulated in investment revaluation reserve. The cumulated gains of HK\$204,494,000 as at 31 March 2018 will not be subsequently reclassified to profit or loss on derecognition of the equity instruments, but will be transferred directly to retained earnings.

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

HKFRS 9 “Financial Instruments” (Continued)

Classification and Measurement (Continued)

The table below illustrates the classification and measurement of financial assets under HKFRS 9 at the date of initial application.

	Available for sale investments	Financial assets at fair value	Debt instruments at FVTOCI	Equity instruments at FVTOCI
	HK\$'000 (a), (b)	HK\$'000 (c)	HK\$'000 (b)	HK\$'000 (a), (c)
Closing balance as at 31 March 2018 – HKAS 39	530,141	1,326	–	–
Effect arising from initial application of HKFRS 9 (Reclassification)	(530,141)	(1,326)	72,609	458,858
Opening balance as at 1 April 2018	–	–	72,609	458,858

- (a) Equity investments of HK\$457,532,000 were classified as available for sale investments under HKAS 39. At 1 April 2018, the Group designated these investments at FVTOCI (non-recycling), as these investments are not held for trading and not expected to be sold in the foreseeable future.
- (b) Listed debt securities of HK\$72,609,000 were classified as available for sale investments under HKAS 39. They are classified as debt instruments at FVTOCI under HKFRS 9, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding.
- (c) Certain listed equity investments of HK\$1,326,000 were classified as financial assets at fair value under HKAS 39. At 1 April 2018, the Group evaluated and designated these investments at FVTOCI (non-recycling), as these investments are held for several years and the Group has no intention to sell them in the foreseeable future.

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

HKFRS 9 “Financial Instruments” (Continued)

Impairment under ECL model

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on both quantitative and qualitative information combined with current conditions and forward-looking analysis. The Group evaluates the financial instruments on a collective basis, taking into account the instrument type, maturity date, and other relevant information with reference to the default rates of the counter parties of the instruments.

For financial assets at amortized cost, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group’s existing financial assets at amortized cost for impairment on a forward-looking approach. The adoption of the new impairment model as at 1 April 2018 has had no material impact on the carrying value of the Group’s financial assets.

HKFRS 15 “Revenue from Contracts with Customers”

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The major sources of revenue of the Group are leasing of investment properties and provision of property management services. Revenue from leasing of investment properties will continue to be accounted for in accordance with HKAS 17 “Leases”, whereas revenue from the provision of property management services will be accounted for under HKFRS 15.

The core principle of HKFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The directors of the Company have assessed the impact of the application of HKFRS 15 and concluded that there is no material impact on the timing and amounts of revenue recognized in the respective reporting periods.

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 2018.

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.

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

Segment Result

For the six months ended 30 September 2018 (30 September 2017)

	Property and hotels		Investments and others		Consolidated	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Segment turnover						
Company and subsidiaries	135,191	122,205	10,862	8,047	146,053	130,252
Segment result	105,824	90,739	10,499	7,724	116,323	98,463
Unallocated corporate expenses					(129)	(279)
Operating profit					116,194	98,184
Share of profits of associates	65,612	50,712	-	-	65,612	50,712
Change in fair value of investment properties	203,757	199,265	-	-	203,757	199,265
Other gains and losses	-	-	(13)	(50)	(13)	(50)
Finance costs					(32,272)	(25,416)
Profit before taxation					353,278	322,695
Other information						
Capital expenditure	267	460,590	497	877	764	461,467

Segment result represents the profit earned by each segment without allocation of general administrative expenses incurred by corporate office, share of profits of associates, change in fair value of investment properties, finance costs, other gains and losses 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 2018 (31 March 2018)

	Property and hotels		Investments and others		Consolidated	
	30 September	31 March	30 September	31 March	30 September	31 March
	2018	2018	2018	2018	2018	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	7,610,096	7,448,068	548,643	470,251	8,158,739	7,918,319
Investment in associates	2,160,309	2,111,862	-	-	2,160,309	2,111,862
Consolidated total assets					10,319,048	10,030,181
Segment liabilities	(2,439,798)	(2,424,565)	(643)	(646)	(2,440,441)	(2,425,211)
Unallocated corporate liabilities					(1,445)	(685)
Consolidated total liabilities					(2,441,886)	(2,425,896)

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.

For the six months ended 30 September 2018 (30 September 2017)

	Segment revenue	
	2018	2017
	HK\$'000	HK\$'000
Hong Kong	142,950	127,244
Overseas	3,103	3,008
	146,053	130,252

4. Segment Information (Continued)

Geographical Segments (Continued)

As at 30 September 2018 (31 March 2018)

	Segment assets	
	30 September 2018 HK\$'000	31 March 2018 HK\$'000
Hong Kong	7,822,241	7,506,987
Overseas	336,498	411,332
	8,158,739	7,918,319

5. Turnover

	2018 HK\$'000	2017 HK\$'000
Rental income from property leasing	114,132	105,801
Property expenses recovery from tenants	21,059	16,404
Dividend income	6,585	5,570
Interest income	4,277	2,477
	146,053	130,252

6. Profit Before Taxation

	2018 HK\$'000	2017 HK\$'000
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	31,226	20,480
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	7,147	6,577
Pension scheme contributions	111	113
Auditors' remuneration	269	269
Depreciation	498	1,082
Exchange loss	10	276
and after crediting:		
Rental income from property leasing	114,132	105,801
Add: other income/less: (direct outgoings)	1,494	(4,383)
Listed investment income	6,576	5,561
Unlisted investment income	9	9
Interest income	4,277	2,477

7. Taxation

	2018			2017		
	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	8,227	4,197	12,424	8,632	4,501	13,133
Overseas	-	500	500	-	575	575
	8,227	4,697	12,924	8,632	5,076	13,708

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 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 (2017: HK1.50 cents) per ordinary share, totaling HK\$17,311,000 for the six months ended 30 September 2018 (2017: HK\$17,311,000) to shareholders whose names appear on the register of members of the Company at the close of business on 21 December 2018. This amount is not included as a liability in these interim financial statements.

9. Earnings Per Share

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$279,643,000 (2017: HK\$277,812,000) and on the 1,154,038,656 shares (2017: 1,154,038,656 shares) in issue during the period.

No diluted earnings per share have been presented for the periods ended 30 September 2018 and 30 September 2017 as the Company had no dilutive potential ordinary shares during both periods.

10. Investment Properties

	30 September 2018 HK\$'000	31 March 2018 HK\$'000
At valuation at 31 March 2018 (31 March 2017)	7,158,000	6,675,600
Additions	243	6,903
Revaluation	203,757	475,497
At 30 September 2018 (31 March 2018)	7,362,000	7,158,000

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 2018 and 31 March 2018 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 2018 and 31 March 2018, 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. Debtors, Advances & Prepayments

Debtors, advances & prepayments comprised the following:

	30 September 2018 HK\$'00	31 March 2018 HK\$'000
Deferred rental receivables	13,501	13,146
Other deposits and prepayments	8,146	6,796
Trade and rental debtors	8,628	5,522
	30,275	25,464

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, which is past due but not impaired, was as follows:

	30 September 2018 HK\$'000	31 March 2018 HK\$'000
0 – 30 days	8,392	5,239
31 – 60 days	168	269
61 – 90 days	64	6
> 90 days	4	8
	8,628	5,522

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 2018.

12. Cash & Bank Balances

	30 September 2018 HK\$'000	31 March 2018 HK\$'000
Cash at bank and in hand	28,677	59,602
Short-term bank deposits	332,403	138,507
Cash and cash equivalents	361,080	198,109

13. Creditors & Accruals

	30 September 2018 HK\$'000	31 March 2018 HK\$'000
Creditors and accruals (due within one year)		
Rental deposits received	22,979	25,719
Accruals	12,381	11,122
Trade payables	4,784	5,359
	40,144	42,200
Creditors and accruals (due more than one year)		
Rental deposits received	51,704	47,073
	91,848	89,273

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

	30 September 2018 HK\$'000	31 March 2018 HK\$'000
0 - 30 days	3,370	3,885
31 - 60 days	483	1,008
61 - 90 days	329	380
> 90 days	602	86
	4,784	5,359

14. Secured Bank Loans

	30 September 2018 HK\$'000	31 March 2018 HK\$'000
Current		
Repayable within one year	1,016,822	1,015,804
Non-current		
Repayable more than one year but not exceeding two years	1,263,500	400,000
Repayable more than two years but not exceeding five years	–	863,500
	1,263,500	1,263,500

As at 30 September 2018 and 31 March 2018, all bank loans were denominated in Hong Kong dollars. The effective interest rate at 30 September 2018 was 3.44% p.a. (31 March 2018: 2.15% p.a.).

15. Guarantees & Commitments

	30 September 2018 HK\$'000	31 March 2018 HK\$'000
Guarantees		
– given to bank in respect of banking facilities utilized by subsidiaries of the Company	1,879,800	1,878,200
Commitments (contracted but not provided for)		
– for total future minimum lease payments in respect of land and buildings		
– not later than one year	3,454	3,120
– later than one year and not later than five years	450	1,350
– for purchase of financial instruments		
– not later than one year	2,399	–
– for purchase of available for sale investments		
– not later than one year	–	3,060
	1,886,103	1,885,730

16. Fair Value Measurement of Financial Instruments

The Group's financial instruments are measured at fair value. They are classified as equity instruments 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 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 2018				31 March 2018			
	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	Total HK\$'000
Non-current								
Listed equity investments								
In Hong Kong	132,074	-	-	132,074	145,437	-	-	145,437
Outside Hong Kong	1,549	-	-	1,549	105,367	-	-	105,367
Listed investment funds								
In Hong Kong	3,296	-	-	3,296	3,573	-	-	3,573
Listed debt securities								
In Hong Kong	3,358	-	-	3,358	3,398	-	-	3,398
Outside Hong Kong	1,909	-	-	1,909	69,211	-	-	69,211
Unlisted equity investments								
In Hong Kong	-	-	37	37	-	-	37	37
Outside Hong Kong	-	-	184,310	184,310	-	105,537	91,307	196,844
Unlisted investment funds								
Outside Hong Kong	-	-	6,751	6,751	-	-	6,274	6,274
	142,186	-	191,098	333,284	326,986	105,537	97,618	530,141
Current								
Listed debt securities								
Outside Hong Kong	67,314	-	-	67,314	-	-	-	-

16. 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 not based on observable market data (level 3 inputs).

The unlisted equity investments at fair value outside Hong Kong consist of two major investments, namely Malaysian investment and Shanghai investment. The Malaysian investment was classified as level 2 as at 31 March 2018 because there was a sale of ownership by other shareholder in April 2018. The fair value was measured with reference to the market transaction price. However, no observable market data is available as at 30 September 2018 as there is no market transaction after April 2018. The measurement was therefore changed from level 2 to level 3 by using discounted cash flow model. There is no change in the fair value measurement of the Shanghai investment and remain at level 3.

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

	30 September 2018	31 March 2018
	HK\$'000	HK\$'000
Unlisted equity instruments at FVTOCI/available for sale investments		
At 1 April 2018 (1 April 2017)	97,618	117,109
Additions	489	1,622
Return of capital	-	(176)
Transfer from/(to) level 2	105,537	(105,537)
Total gains or losses:		
In other comprehensive income as change in fair value of investments in equity instruments/available for sale investments	(12,546)	84,600
At 30 September 2018 (31 March 2018)	191,098	97,618

17. Related Party Transactions

(a) Transaction with related parties

Based on the lease agreements signed with the related companies, rental income of HK\$4,597,000 (2017: HK\$3,763,000) was accounted for during the interim period.

(b) Key management personnel compensation

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

	2018 HK\$'000	2017 HK\$'000
Fees	138	125
Salaries, allowances and benefits	4,720	4,198
Pension scheme contributions	25	25
	4,883	4,348

BUSINESS REVIEW

After a very buoyant 2017 and first half of 2018, global financial markets suffered major corrections during the third quarter, wiping out much of the gains from the first half of 2018. The global trade wars started by the US, interest rate increases by the US Fed, and continued uncertainties in Europe driven by BREXIT, Italy's budget crisis, and a potential change of government in Germany, are all putting tremendous stress on the markets. More importantly, the world's attention is now dominated by the rapidly escalating US-China trade war and strategic rivalry.

For much of the past 18 months, the Chinese government was committed to control an overheating property market and over-leveraged economy. Many market cooling measures and deleveraging policies were introduced and the government was prepared to sacrifice short term growth for a more balanced economy in the medium to long term. However, with the onset of the trade war targeted at China, the government has started to reverse course and may loosen the monetary purse again. Also, with the trade war hurting export industries, it is clear that the government will be even more committed to continue to boost domestic consumption, which has already been a focus for some time.

With liquidity in short supply in China and the weakness of the RMB, the flood of liquidity in Hong Kong's banking system that has kept interest rates low has finally shown signs of drying up. As a result, Hong Kong interbank rates has started to catch up to the US rates, and together with tight liquidity from China, there has been a noticeable cooling in residential property prices since the third quarter, with developers accelerating sales and becoming more conservative on launch prices. On the other hand, office rental rates in prime areas and hotel occupancy and room rates continue to be strong, which have been positive for our core holdings of investment properties and hotel in Hong Kong.

After a strong first quarter, tourism in Thailand has been challenging, especially after the July boat tragedy in Phuket where a large number of Chinese tourists died. Since the boat accident, Chinese tourist arrivals to Thai beach resorts decreased sharply. Our Pattaya resort suffered from this, although we have generally weathered this downturn better than the competitors. For Bangkok, the market has been generally flat in terms of occupancy due to new hotel inventory in the city as well as the lower Chinese arrivals.

For the six months period ended 30 September 2018, total turnover for the Group including share of associates totaled HK\$341.3 million, increasing by 17.8% from HK\$289.7 million in 2017. The rise in turnover was a result of higher income from our investment properties and InterContinental Hotel in Hong Kong, in spite of lower revenues from the hotels in Thailand. Operating profit also increased by 18.3% to HK\$116.2 million (2017: HK\$98.2 million). Share of profits of associates increased to HK\$65.6 million (2017: HK\$50.7 million), while fair value increase in investment properties amounted to HK\$203.8 million (2017: HK\$199.3 million). During the reporting period, the Group's net profit was HK\$340.4 million (2017: HK\$309.0 million), while net profit attributable to shareholders was HK\$279.6 million (2017: HK\$277.8 million).

Property Investments (Hong Kong and China)

As of 30 September 2018, the Group's investment property Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong is fully let at 100% occupancy, compared to 82% in March 2018. For the interim period ended 30 September 2018, Pioneer Place contributed rental and related revenues of HK\$32.7 million and a fair value increase of HK\$50.0 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, with an occupancy rate of 100% as at 30 September 2018. For the six months reporting period, the property contributed rental and related revenues of HK\$65.6 million and a fair value increase of HK\$119.8 million.

The Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong has also continued to perform strongly, with an occupancy rate of 98% and strongly rising rental rates. For the six months period, the property contributed HK\$30.5 million in rental and related revenues and HK\$30.0 million in fair value increase to the Group.

Currently, the 56,740 sq. ft. commercial podium of Kiu Fat Building (115-119 Queen's Road West) in Sai Ying Pun, Hong Kong is being re-positioned and the lower and upper ground floor portions of the property are vacant, pending various negotiations with new tenants. As a result, the property currently has a lower occupancy of 54%. For the six months period, the property contributed HK\$5.4 million in rental and related revenues and no fair value increase to the Group.

The Group has investments in 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 96% and 84% respectively in September 2018.

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 currently working on plans to completely upgrade the hotel's guest rooms and facilities, with renovation works expected to commence in 2020. 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 six months ended 30 September 2018, the hotel generated revenues of HK\$484.7 million (2017: HK\$476.9 million) and operating profit of HK\$127.9 million (2017: HK\$124.4 million). During the period, InterContinental Hong Kong enjoyed an average occupancy rate of 86%.

For the six months ended 30 September 2018, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associate company) had revenues of Baht 258.2 million (HK\$61.5 million equivalent) (2017: Baht 263.6 million, HK\$60.2 million equivalent) and operating profit of Baht 78.9 million (HK\$18.8 million equivalent) (2017: Baht 86.2 million, HK\$19.7 million equivalent), with an average occupancy of 77%.

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 164.6 million (HK\$39.2 million equivalent) (2017: Baht 178.3 million, HK\$40.7 million equivalent) and operating profit of Baht 50.9 million (HK\$12.1 million equivalent) (2017: Baht 63.0 million, HK\$14.4 million equivalent), with an average occupancy rate of 70%.

On 9 May 2018, the Group sold its shares in Dusit Thani Public Company Limited (listed in Thailand) for a total consideration (net of expenses) of Baht 430.2 million (equivalent to HK\$104.3 million). This disposal generated a gain of HK\$70.0 million to the Group and a 3.6x profit multiple from the original investment cost. By the adoption of HKFRS 9 “Financial Instruments”, the Group has classified the investment in Dusit Thani Public Company Limited as equity instruments at fair value through other comprehensive income (formerly accounted for as available for sale investments under HKAS 39). Upon disposal of the investment in May 2018, the gain on disposal has been recognized directly into retained earnings without recycling to profit and loss account.

PROSPECTS

At present, most of the Group's major investment properties (with the exception of Kiu Fat Building which is undergoing repositioning) and hotels are enjoying high occupancy as well as stable or growing income. In addition, the Group enjoys a healthy liquidity position with a low debt gearing ratio (total debts/total assets: 22.1%), putting us in a strong position to take advantage of good investment opportunities. Given the high property prices in Hong Kong and the rising interest rate environment, we will be cautious about our home market in the short term while we explore other potential new markets.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to enjoy a strong and healthy financial position. As at 30 September 2018, the Group had cash and bank balances amounting to HK\$361.1 million (31 March 2018: HK\$198.1 million) together with an undrawn standby banking facility of HK\$50.0 million.

As at 30 September 2018, the total bank borrowings of the Group were HK\$2,280.3 million (31 March 2018: HK\$2,279.3 million), including a bank loan of 68 Yee Wo Street of HK\$1,016.8 million due on 26 February 2019 to be refinanced. The Group's total debts to total assets ratio was 22.1% (31 March 2018: 22.7%) and net debt to total assets ratio was 18.6% (31 March 2018: 20.8%).

There is no foreign currency risk to the Group's financial liabilities as they are all denominated in Hong Kong dollars. The Group has investments in associates operating in Thailand and PRC with carrying amounts of HK\$368.8 million and HK\$231.3 million equivalents respectively. Their foreign currency exposures are closely monitored and appropriate measures will be employed when deemed necessary.

Pledge of Assets

As at 30 September 2018, investment properties with a carrying value of HK\$7,290.0 million (31 March 2018: HK\$7,090.0 million) were pledged to secure bank loan facilities to the extent of HK\$2,280.3 million (31 March 2018: HK\$2,279.3 million) of which all facilities have been fully utilized.

Contingent Liabilities

As at 30 September 2018, the Group had guarantees HK\$1,879.8 million (31 March 2018: HK\$1,878.2 million) given to bank in respect of banking facilities utilized by subsidiaries.

EMPLOYEES

As at 30 September 2018, the number of salaried staff at the holding company level was 18 (31 March 2018: 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 2018, 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	–	4,440,754 ⁶	–		4,440,754	0.38

- 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 4,440,754 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 2018, 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 2018, 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 2018, 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 2018, no outstanding options granted under the share option scheme. During the six months period ended 30 September 2018, 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 2018 at the rate of HK1.50 cents per share (2017: HK1.50 cents), payable on 23 January 2019 to all persons registered as shareholders on 21 December 2018. The transfer books and register of members of the Company will be closed from 19 December 2018 to 21 December 2018, 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, 18 December 2018.

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 2018.

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

During the six months ended 30 September 2018, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Directors since the date of the last annual report are set out below:

Directors	Details of changes
Dr. Charles Wai Bun Cheung, JP	<ul style="list-style-type: none">Resigned as independent non-executive director of China Taifeng Beddings Holdings Limited whose shares are listed on the Main Board of Stock Exchange, with effect from 31 July 2018.Resigned as independent non-executive director of China Financial International Investments Limited whose shares are listed on the Main Board of Stock Exchange, with effect from 24 September 2018.

CORPORATE GOVERNANCE

During the six months ended 30 September 2018, 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 2018.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 29 November 2018