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Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

The Board of Directors of Pioneer Global Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2016, together with the comparative figures for the corresponding period in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 March	
	<i>Notes</i>	2016 HK\$'000	2015 HK\$'000
Turnover			
Company and subsidiaries		258,712	212,105
Share of associates		157,892	107,053
		416,604	319,158
Turnover of Company and subsidiaries	4	258,712	212,105
Properties operating expenses		(45,294)	(38,856)
Staff costs		(17,209)	(15,252)
Depreciation		(365)	(451)
Other expenses		(4,881)	(4,631)
		(67,749)	(59,190)

		For the year ended	
		31 March	
		2016	2015
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Operating profit		190,963	152,915
Share of profits of associates		93,672	42,641
Change in fair value of investment properties		208,035	753,637
Other gains and losses	5	(9,265)	1,603
Finance costs		(44,013)	(37,557)
		<hr/>	<hr/>
Profit before taxation	6	439,392	913,239
Taxation			
Current	7	(12,178)	(11,704)
Deferred	7	(6,259)	(6,082)
		<hr/>	<hr/>
Profit for the year		420,955	895,453
		<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:			
Shareholders of the Company		365,553	804,243
Non-controlling interests		55,402	91,210
		<hr/>	<hr/>
		420,955	895,453
		<hr/> <hr/>	<hr/> <hr/>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9	31.68	69.69
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	For the year ended	
		2016	2015
		HK\$'000	HK\$'000
Profit for the year		<u>420,955</u>	<u>895,453</u>
Other comprehensive (expense)/income			
Items that will not be reclassified to profit or loss:			
Transfer from investment revaluation reserve	<i>10</i>	(174,497)	–
to property revaluation reserve (associates)	<i>10</i>	<u>174,497</u>	<u>–</u>
		–	–
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of available for sale investments			
– subsidiaries		3,008	12,378
– associates		<u>19,685</u>	<u>684</u>
Exchange difference on translation of associates		<u>(36,284)</u>	<u>–</u>
Other comprehensive (expense)/income for the year, net of tax		<u>(13,591)</u>	<u>13,062</u>
Total comprehensive income for the year		<u><u>407,364</u></u>	<u><u>908,515</u></u>
Total comprehensive income attributable to:			
Shareholders of the Company		350,663	817,289
Non-controlling interests		<u>56,701</u>	<u>91,226</u>
		<u><u>407,364</u></u>	<u><u>908,515</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March 2016 <i>HK\$'000</i>	At 31 March 2015 <i>HK\$'000</i>
	<i>Notes</i>		
ASSETS			
Non-current assets			
Investment properties		6,353,900	6,121,100
Associates		1,178,575	765,925
Available for sale investments		387,533	321,653
Property, plant & equipment		1,474	1,817
Other assets		300	300
		<u>7,921,782</u>	<u>7,210,795</u>
Current assets			
Debtors, advances & prepayments	<i>11</i>	52,128	26,204
Available for sale investments		80,529	2,189
Financial assets at fair value		1,220	1,614
Cash & bank balances		108,482	244,906
Tax assets		221	–
		<u>242,580</u>	<u>274,913</u>
Total assets		<u>8,164,362</u>	<u>7,485,708</u>
EQUITY			
Share capital		115,404	115,404
Reserves		5,013,572	4,711,379
		<u>5,128,976</u>	<u>4,826,783</u>
Shareholders' funds		5,128,976	4,826,783
Non-controlling interests		830,787	801,276
		<u>5,959,763</u>	<u>5,628,059</u>
LIABILITIES			
Non-current liabilities			
Creditors & accruals	<i>12</i>	49,889	53,299
Secured bank loans		2,011,729	635,242
Deferred taxation		54,031	47,772
		<u>2,115,649</u>	<u>736,313</u>
Current liabilities			
Creditors & accruals	<i>12</i>	34,299	19,191
Secured bank loans		54,651	1,100,433
Tax liabilities		–	1,712
		<u>88,950</u>	<u>1,121,336</u>
Total liabilities		<u>2,204,599</u>	<u>1,857,649</u>
Total equity and liabilities		<u>8,164,362</u>	<u>7,485,708</u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, these consolidated financial statements include applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Companies Ordinance.

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

The accounting policies and methods of computation used in the preparation of the financial statements are consistent with those used in the financial statements for the year ended 31 March 2015, except for the changes as set out below.

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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

New and revised Standards, Amendments to Standards and Interpretations in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments to standards and interpretations that have been issued but are not yet effective.

HKAS 1 (Amendments)	Presentation of Financial Statements – Disclosure Initiative ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortization ¹
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ¹
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ¹
HKFRS 9	Financial Instruments ²
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities – Applying the Consolidation Exception ¹
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interest in Joint Operations ¹
HKFRS 14	Regulatory Deferral Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ¹

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

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

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2019

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

3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's 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.

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

Segment Result

For the year ended 31 March 2016 (31 March 2015)

	Property and hotels		Investments and others		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Segment turnover						
Company and subsidiaries	243,928	195,220	14,784	16,885	258,712	212,105
Segment result	177,391	137,067	13,772	16,013	191,163	153,080
Unallocated corporate expenses					(200)	(165)
Operating profit					190,963	152,915
Share of profits of associates	93,672	42,641	–	–	93,672	42,641
Change in fair value of investment properties	208,035	753,637	–	–	208,035	753,637
Other gains and losses	(7,198)	–	(2,067)	1,603	(9,265)	1,603
Finance costs					(44,013)	(37,557)
Taxation					(18,437)	(17,786)
Non-controlling interests					(55,402)	(91,210)
Profit attributable to shareholders					365,553	804,243

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

Segment Assets and Liabilities

As at 31 March 2016 (31 March 2015)

	Property and hotels		Investments and others		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Segment assets	6,611,257	6,313,063	374,530	406,720	6,985,787	6,719,783
Investment in associates	1,178,575	765,925	–	–	1,178,575	765,925
Consolidated total assets					<u>8,164,362</u>	<u>7,485,708</u>
Segment liabilities	(2,203,221)	(1,855,856)	(651)	(1,060)	(2,203,872)	(1,856,916)
Unallocated corporate liabilities					(727)	(733)
Consolidated total liabilities					<u>(2,204,599)</u>	<u>(1,857,649)</u>

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 year ended 31 March 2016 (31 March 2015)

	Segment revenue	
	2016 HK\$'000	2015 HK\$'000
Hong Kong	252,129	202,792
Overseas	6,583	9,313
	<u>258,712</u>	<u>212,105</u>

As at 31 March 2016 (31 March 2015)

	Segment assets	
	2016 HK\$'000	2015 HK\$'000
Hong Kong	6,722,819	6,578,842
Overseas	262,968	140,941
	<u>6,985,787</u>	<u>6,719,783</u>

4. TURNOVER

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Rental income	206,916	165,193
Property expenses recovery	37,012	30,027
Dividend income	11,309	12,552
Interest income	3,463	4,333
Others	12	–
	<u>258,712</u>	<u>212,105</u>

5. OTHER GAINS AND LOSSES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Net gain on disposal of available for sale investments	1,336	1,475
(Decrease)/increase in fair value of financial assets	(393)	144
Provision for impairment loss on available for sale investments	(17,477)	–
Recovery of impairment loss on an associate	10,279	–
Other losses	(3,010)	(16)
	<u>(9,265)</u>	<u>1,603</u>

6. PROFIT BEFORE TAXATION

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	44,013	37,557
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	17,049	15,351
Pension scheme contributions	211	192
Auditors' remuneration	542	492
Depreciation	365	451
Net exchange loss	3,009	242
and after crediting:		
Rental income from investment properties	206,916	165,193
Less: direct outgoings	(4,066)	(5,631)
Listed investment income	6,958	5,806
Unlisted investment income	4,351	6,746
Interest income	3,463	4,333

7. TAXATION

	2016		2015			
	Current	Deferred	Total	Current	Deferred	Total
	taxation	taxation	HK\$'000	taxation	taxation	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Provision for the year						
Hong Kong	12,178	5,809	17,987	11,689	5,482	17,171
Overseas	–	450	450	15	600	615
	<u>12,178</u>	<u>6,259</u>	<u>18,437</u>	<u>11,704</u>	<u>6,082</u>	<u>17,786</u>

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

8. DIVIDEND

	2016	2015
	HK\$'000	HK\$'000
Interim dividend of HK1.40 cents (2015: HK1.30 cents) per ordinary share	16,157	15,002
Proposed final cash dividend of HK2.80 cents (2015: HK2.80 cents) per ordinary share	<u>32,313</u>	<u>32,313</u>
	<u>48,470</u>	<u>47,315</u>
The dividends which have been paid during the year by cash are as follows:		
Interim for the year ended 31 March 2016 (2015)	16,157	15,002
Final for the year ended 31 March 2015 (2014)	<u>32,313</u>	<u>28,851</u>
	<u>48,470</u>	<u>43,853</u>

The 2016 final cash dividend of HK2.80 cents (2015: HK2.80 cents) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting (“AGM”).

9. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$365,553,000 (2015: HK\$804,243,000) and on 1,154,038,656 shares (2015: 1,154,038,656 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2016 and 31 March 2015 as the Company had no dilutive potential ordinary shares during both years.

10. PULLMAN PATTAYA HOTEL G

Pullman Pattaya Hotel G had been owned via a Thai property fund invested by Keencity Properties Limited, an associate of the Group. As a change of Thai SEC regulations, the property fund was required to be terminated by September 2015. Thus in April 2015, the hotel was transferred out of the Thai property fund to a Thai company owned by the same investors of Keencity Properties Limited. After the transfer, for accounting purposes, the hotel is treated as an investment property and the previous investment revaluation reserve has been reclassified as property revaluation reserve.

11. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayment comprised the following:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Deferred rental receivables	22,467	17,153
Dividend receivable	15,983	–
Other deposits and prepayments	7,624	6,648
Trade and rental debtors	6,054	2,403
	<u>52,128</u>	<u>26,204</u>

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

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 - 30 days	5,390	1,323
31 - 60 days	464	651
61 - 90 days	199	85
> 90 days	1	344
	<u>6,054</u>	<u>2,403</u>

12. CREDITORS & ACCRUALS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Creditors and accruals (due within one year)		
Rental deposit received	22,349	7,716
Accruals	6,914	5,881
Trade payables	5,036	5,594
	<u>34,299</u>	<u>19,191</u>
Creditors and accruals (due more than one year)		
Rental deposit received	49,889	53,299
	<u>84,188</u>	<u>72,490</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 30 days	3,443	4,139
31 – 60 days	234	350
61 – 90 days	241	116
> 90 days	1,118	989
	<u>5,036</u>	<u>5,594</u>

13. EVENTS AFTER THE REPORTING DATE

On 9 May 2016, Pine International Limited, a wholly owned subsidiary of the Company entered into a sale and purchase agreement to sell the entire issued share capital together with the shareholder loan of Network Success Limited for a consideration of HK\$68,795,000, net of any tax imposed by any tax authority in the PRC. Network Success Limited holds 50% of the issued share capital of Right Cheer Limited, which directly holds the property of Jie Fang Building, located at No.151 Jiefang Road South, Yuexiu District, Guangzhou. Details of the acquisition were provided in the Company's announcement dated 9 May 2016.

BUSINESS REVIEW

2015 and 2016 so far have been volatile for the global economy. Stock market and currency gyrations in China, negative interest rates imposed by major economies such as Japan and EU, the volatility in the oil and commodities markets, plus the recent shock of Brexit, all contributed to high economic uncertainty.

In 2015, China's GDP growth rate fell below 7% for the first time in a decade. The stock market boom and bust in the past 12 months and the devaluation of the RMB left policy makers and investors deeply shaken. In order to stabilize the market, the Chinese government continued monetary easing by cutting interest rate and bank reserve ratio requirement. We feel that China is going through the transition from a traditional export-led manufacturing economy to a service based one driven by domestic consumption, higher value services, and innovative "new economy" businesses. Hence, we are seeing uneven growth in cities/regions driven by old manufacturing industries versus ones driven by services and technology. Overall, we remain optimistic that the government's policy of promoting innovation and encouraging entrepreneurship will support the growth of China's economy.

In light of all the uncertainties around the world, the US Fed increased interest rate at a far slower pace than it had planned. In Hong Kong, while mass market residential prices have started to decline in the past two quarters, the continued low interest rate environment means that the price decrease will be slow and gradual. Prime office sector, on the other hand, has performed well on the back of the expansion of finance sector due to the Shanghai-Hong Kong Stock Connect scheme, with rising rental rates and capital values, including some very large en-bloc transactions by Chinese corporations. In the past year, the most difficult sectors in Hong Kong are retail and hotels, as the slowdown in economic growth and anti-corruption campaign in China have led to a downturn in tourism and retail sales.

After the military coup in May 2014 restored law and order in Bangkok, occupancy rates of hotels have gradually recovered. Bangkok was on track for a superb year until the terrorist bombing at the Erawan Shrine occurred in August. The terror attack had an immediate negative impact on the tourism market for Thailand. However, visitors returned surprisingly quickly in the subsequent months and Q1 2016 performance was strong for Bangkok hotels. Pattaya, on the other hand, was more affected by the Russian economic downturn and devaluation of the Rouble, as Russia had in the past been a key source market for the destination.

In the twelve months ended 31 March 2016, the Group's total turnover (including share of associates) was HK\$416.6 million, a 30.5% increase compared to HK\$319.2 million during the same period in 2015. The increase in turnover was due to higher occupancy from the newly completed Pioneer Place, improved performance from Pullman Bangkok Hotel G and the Group's investment properties in Hong Kong, as well as the acquisition of the InterContinental Hong Kong. Operating profits for the year also increased to HK\$191.0 million, a 24.9% increase from HK\$152.9 million a year before. Net profits attributable to shareholders was HK\$365.6 million, compared to HK\$804.2 million in 2015. The decrease in net profits was due to significantly lower gain in fair value of investment properties (HK\$208.0 million in 2016 compared to HK\$753.6 million in 2015).

Property Investments (Hong Kong and Shanghai)

The Group's investment property Pioneer Place (245,678 sq.ft.) in Kwun Tong, Hong Kong reopened in August 2014 after an extensive renovation. As at 31 March 2016, occupancy of the building stood at 65%, with rental rates ranging from HK\$21 to HK\$30 per sq.ft. The remaining vacancy mainly consists of two retail podium floors (1-2/F) and the top floor (10/F) of the building. These are among the highest value space in the building and the management is continuing discussions with a number of prospective tenants. For the year ended 31 March 2016, Pioneer Place contributed rental and related revenues of HK\$48.4 million and a fair value increase of HK\$74.9 million.

The Group owns 60% in the 68 Yee Wo Street building (229,200 sq.ft.) in Causeway Bay, Hong Kong. This investment property performed well during the year, enjoying rising average rental rates and high occupancy at 97% as at the close of the reporting period. For the year ended 31 March 2016, the property contributed rental and related revenues of HK\$120.2 million and a fair value increase of HK\$76.8 million to the Group.

For the twelve months ended 31 March 2016, the Club Lusitano Building (80,100 sq.ft.) in Central, Hong Kong contributed HK\$45.3 million in rental and related revenues and HK\$34.6 million in fair value increase to the Group. The building's retail podium renovation was completed in September 2015 and is now fully occupied by two new tenants. The occupancy was 96% as of March 2016.

As at 31 March 2016, the Pemberton Building (70,616 sq.ft.) in Sheung Wan, Hong Kong enjoyed an occupancy rate of 100% and contributed HK\$28.5 million in rental and related revenues and a fair value increase of HK\$19.0 million for the financial period.

During the reporting period, the Shanghai K. Wah Centre (a GFA 750,000 sq.ft. commercial tower in Shanghai held 15.4% through the Group's 50% owned associated company) contributed an associated profit of HK\$4.8 million to the Group.

In October 2015, the Group, together with an investment consortium managed by Gaw Capital Partners, acquired a 98.68% stake in Ciro's Plaza, a commercial building located at 388 Nanjing West Road in Shanghai, China. Ciro's Plaza is a 84,968 sq.m. commercial tower with a prime location adjacent to People Square in Shanghai's Puxi district. The gross acquisition price of this investment by the consortium was RMB2.9 billion, of which the Group invested HK\$60.1 million for an effective equity stake of 4% of the consortium. As at 31 March 2016, Ciro's Plaza had an occupancy rate of 96%. The consortium plans to renovate the podium facade and certain key common areas and hold the property as a long term investment.

Investments in Hotel Industry

Our investments consist of two hotels and a listed hotel company in Thailand, three hotels in Myanmar, and a hotel in Hong Kong. The Group's investments in the hotel industry have all been made through our associated companies.

For the twelve months ended 31 March 2016, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associated company) achieved revenues of Baht 519.1 million (2015: Baht 444.2 million) and operating profits of Baht 191.4 million (2015: Baht 151.7 million). It is noteworthy that the performance of the hotel was strong despite the August terror bombing in Bangkok. This resilient performance bodes well for the Thai tourism market.

During the same reporting period, the Pullman Pattaya Hotel G (held by the Group through the same 49.5% owned associate that holds the Pullman Bangkok Hotel G) achieved revenues of Baht 333.2 million (2015: Baht 349.1 million) and operating profits of Baht 118.5 million (2015: Baht 138.2 million). The performance of this hotel was relatively weak due to the aforementioned Russian downturn as well as the renovation of the remaining un-renovated rooms during the fiscal year.

A 50% owned associated company of the Group holds 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. During the twelve months ended 31 December 2015, Dusit Thani achieved total revenues of Baht 4.895 billion (2014 (Restated): Baht 4.675 billion) and net profit attributable to shareholders of Baht 199.2 million (2014: net loss of Baht 20.6 million).

On 18 January 2016, the Group increased its shares in an associated company, Strand Hotels International Limited, from 27.71% to 40.69% by acquiring shares from a selling shareholder for a consideration of US\$2.7 million. This is in a 50/50 joint venture with the government of Myanmar to own and operate three hotels in Yangon – the Strand Hotel, the Inya Lake Hotel, and the Thamada Hotel. As part of the approval by the government to extend the lease terms of the hotels until 2043 plus two ten year extensions (at our option), the joint venture company will undertake major renovations and expansions of the three properties. As such, the Thamada Hotel had commenced its renovation in Q3 2015 and the Strand Hotel in May 2016. The Strand Annex redevelopment is pending construction permit approval. During the reporting period, the three hotels achieved revenues of US\$11.3 million (2015: US\$15.0 million) and operating profits of US\$5.5 million (2015 (Restated): US\$8.0 million).

The "Strand Cruise", owned by a subsidiary of Strand Hotels International Limited, is a luxury river cruise ship with 27 cabins operating in the Ayeyarwady River in Myanmar. The cruise ship was launched in December 2015 and has been marketed with packages in conjunction with the Strand Hotel in Yangon under the same brand name.

On 10 July 2015, the Group, together with an investment consortium advised and managed by Gaw Capital Partners, acquired the company that holds a 100% interest in the 503 rooms InterContinental Hong Kong. The Group invested HK\$395.8 million and holds a 10% interest in this joint venture. The InterContinental Hong Kong is one of the leading 5 star hotels in the territory and is world renowned for its commanding harbor view and Michelin star restaurants. We have plans to upgrade the hotel's guest rooms and facilities to the highest global standards and will hold this asset as a long term investment. The acquisition was completed in end-September 2015. From October 2015 to March 2016, this hotel produced revenues of HK\$586.3 million and operating profits of HK\$195.0 million. And despite a downturn in tourism in Hong Kong, the InterContinental Hong Kong maintained an average occupancy of 85% during this period.

PROSPECTS

During the year, the Group made two new major investments: (1) the acquisition of a 10% stake in the InterContinental Hong Kong and (2) the acquisition of a 4% stake in Ciro's Plaza in Shanghai. The Board is excited about the prospects of these investments and believes they will generate substantial long term profits for the Group.

After these new investments, the Group continues to enjoy a very healthy debt to assets ratio of only 25% and an interest cover ratio of 434%. The Group's strong balance sheet will allow us to continue to seek attractive investment opportunities.

On 9 May 2016, the Group sold its 50% stake in Jie Fang Building in Guangzhou's Yuexiu District. This sale has realized a four times multiple of investment return. The net proceeds of HK\$68.8 million are reserved for future investments.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to enjoy a strong and healthy financial position. At 31 March 2016, the Group's total debts to total assets ratio was 25.3% (31 March 2015: 23.2%) and net debt to total assets ratio was 24.0% (31 March 2015: 19.9%).

Pledge of Assets

At the year-end date, investment properties with a carrying value of approximately HK\$6,300 million (2015: HK\$6,070 million) and available for sale investments with a carrying value of approximately HK\$13 million (2015: 18 million) were pledged to secure bank loan facilities to the extent of HK\$2,122 million (2015: HK\$1,758 million), among which HK\$2,066 million (2015: HK\$1,736 million) has been utilized.

Contingent Liabilities

As at the year-end date, the Group had guarantees as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Guarantees		
– given to bank in respect of banking facilities utilized by subsidiaries	1,056,995	721,242
– given to bank in respect of banking facilities utilized by associates	143,946	162,565

In February 2016, the Group has entered into certain forward exchange contracts in the amount of HK\$80.1 million to sell RMB and buy USD for maturities in April 2016 in order to hedge against foreign exchange volatility of RMB deposits and bonds.

EMPLOYEES

As at 31 March 2016, the number of salaried staff at the holding company level was 18 (2015: 18). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK2.80 cents (2015: HK2.80 cents) per share for the year ended 31 March 2016. The proposed dividend is subject to the approval of shareholders at the forthcoming AGM and payable on 6 October 2016 to all persons registered as shareholders on 21 September 2016.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The AGM of the Company is scheduled to be held on Monday, 5 September 2016. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 1 September 2016 to 5 September 2016, both days inclusive, during which period no transfer of shares will be effected.

In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 31 August 2016.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The record date for entitlement to the proposed final dividend is Wednesday, 21 September 2016. For determining the entitlement to the proposed final dividend for the year ended 31 March 2016, the register of members of the Company will be closed from 19 September 2016 to 21 September 2016, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 15 September 2016.

CORPORATE GOVERNANCE

During the year ended 31 March 2016, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

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

During the year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management and external auditors the accounting principles and practices adopted by the Group, the risk management and internal control system and the consolidated financial statements of the Group for the year ended 31 March 2016. The Committee is satisfied with the review and has no disagreement regarding the financial results for the year ended 31 March 2016. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2016 have also been agreed with the Company's external auditors to the amounts set out in the Group's consolidated financial statements for the financial year.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 28 June 2016

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