



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

Stock Code : 00224



INTERIM REPORT **2012**



PIONEER GLOBAL GROUP LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Rossana WANG GAW, *Chairman*

Goodwin GAW, *Vice Chairman*

Kenneth GAW, *Managing Director*

Jane Kwai Ying TSUI

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

Bangkok Bank Public Company Limited

Citibank N.A. Hong Kong

Standard Chartered Bank (Hong Kong)
Limited

The Hongkong & Shanghai Banking
Corporation Limited

SOLICITORS

Baker & McKenzie

AUDITORS

Wong Brothers & Co.

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL OFFICE IN HONG KONG

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

SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

Butterfield Fulcrum Group (Bermuda)
Limited
26 Burnaby Street,
Hamilton HM 11, Bermuda

SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

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

INFORMATION

<http://www.pioneerglobalgroup.com>

[http://www.irasia.com/listco/hk/pioneer/
index.htm](http://www.irasia.com/listco/hk/pioneer/index.htm)

Bloomberg: 224:HK

Reuters: 0224.hk

The Board of Directors of Pioneer Global Group Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2012, together with the comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September 2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000 (Restated)
Turnover			
Company and subsidiaries		98,362	90,029
Share of associates		48,504	28,636
		146,866	118,665
Turnover of Company and subsidiaries	5	98,362	90,029
Properties operating expenses		(15,877)	(17,172)
Staff costs		(5,597)	(5,484)
Depreciation		(208)	(396)
Other expenses		(2,003)	(2,287)
		(23,685)	(25,339)
Operating profit	4	74,677	64,690
Share of profits of associates		20,699	4,519
Change in fair value of investment properties		356,796	135,770
Other gains and losses	6	13,966	(2,047)
Finance costs		(16,327)	(13,503)
Profit before taxation	7	449,811	189,429
Taxation – current	8	(2,285)	(1,008)
– deferred	8	(7,721)	(4,460)
Profit for the period		439,805	183,961
Profit attributable to:			
Shareholders of the Company		383,560	159,817
Non-controlling interests		56,245	24,144
		439,805	183,961
Interim dividend	9	15,003	13,848
		HK cents	HK cents
Earnings per share	10	33.24	20.77

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
Profit for the period	439,805	183,961
Other comprehensive income		
Change in fair value of available for sale investments		
– subsidiaries	1,480	(58,229)
– associates	12,277	(8,355)
Exchange difference on translation of associates	1,200	(145)
Other comprehensive income for the period	14,957	(66,729)
Total comprehensive income for the period	454,762	117,232
Total comprehensive income attributable to:		
Shareholders of the Company	396,951	92,264
Non-controlling interests	57,811	24,968
	454,762	117,232

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000 (Restated)
ASSETS			
Non-current assets			
Investment properties	11	4,446,800	4,136,700
Associates		704,724	669,864
Available for sale investments		232,754	229,085
Property, plant and equipment		1,867	2,072
Other assets		300	950
		5,386,445	5,038,671
Current assets			
Debtors, advances & prepayments	13	26,546	26,113
Available for sale investments		12,310	12,260
Financial assets at fair value		1,846	1,780
Cash & bank balances	12	220,845	155,582
		261,547	195,735
Total assets		5,647,992	5,234,406
EQUITY			
Share capital		115,404	115,404
Reserves		3,247,534	2,877,126
Shareholders' funds		3,362,938	2,992,530
Non-controlling interests		641,128	583,800
Total equity		4,004,066	3,576,330

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		30 September 2012 (Unaudited) HK\$'000	31 March 2012 (Audited) HK\$'000 (Restated)
LIABILITIES			
Non-current liabilities			
Creditors & accruals		34,143	31,615
Secured bank loans	14	426,064	433,410
Deferred payment		41,000	61,500
Deferred tax liabilities		19,314	11,593
		520,521	538,118
Current liabilities			
Creditors & accruals	15	31,882	31,577
Secured bank loans	14	1,047,711	1,046,053
Deferred payment		41,000	41,000
Tax liabilities		2,812	1,328
		1,123,405	1,119,958
Total liabilities		1,643,926	1,658,076
Total equity and liabilities		5,647,992	5,234,406

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	72,408	50,977
Net cash used in investing activities	(11,941)	(190,644)
Net cash (used in)/generated from financing activities	(69,605)	138,340
Decrease in cash and cash equivalents	(9,138)	(1,327)
Cash and cash equivalents at 1 April	155,582	54,884
Effect of foreign exchange rate changes	-	(284)
Cash and cash equivalents at 30 September	146,444	53,273
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks up to three months' maturity	146,444	53,273

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve & contributed surplus HK\$'000	Exchange reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained earnings HK\$'000 (Restated)	Total HK\$'000 (Restated)	Non-controlling interests HK\$'000 (Restated)	Total equity HK\$'000 (Restated)
At 1 April 2012 (Restated)	115,404	547,748	41,242	8,249	236,468	2,043,419	2,992,530	583,800	3,576,330
Fair value change of available for sale investments									
– subsidiaries	-	-	-	-	(86)	-	(86)	-	(86)
– non-controlling interests	-	-	-	-	-	-	-	1,566	1,566
– associates	-	-	-	-	12,277	-	12,277	-	12,277
Exchange on translation of associates	-	-	-	1,200	-	-	1,200	-	1,200
Profit for the period	-	-	-	-	-	383,560	383,560	56,245	439,805
Total comprehensive income for the period	-	-	-	1,200	12,191	383,560	396,951	57,811	454,762
Distribution to non-controlling interests	-	-	-	-	-	-	-	(483)	(483)
2012 final dividend paid	-	-	-	-	-	(26,543)	(26,543)	-	(26,543)
As at 30 September 2012	115,404	547,748	41,242	9,449	248,659	2,400,436	3,362,938	641,128	4,004,066
At 1 April 2011 (Restated)	76,935	307,687	41,242	15,598	297,047	1,665,571	2,404,080	517,680	2,921,760
Add: Adjustment on pre-acquisition profit upon reversal of deferred taxation regarding acquisition of subsidiaries	-	-	-	-	-	27,166	27,166	-	27,166
Fair value change of available for sale investments									
– subsidiaries	-	-	-	-	(59,053)	-	(59,053)	-	(59,053)
– non-controlling interests	-	-	-	-	-	-	-	824	824
– associates	-	-	-	-	(8,355)	-	(8,355)	-	(8,355)
Exchange on translation of associates	-	-	-	(145)	-	-	(145)	-	(145)
Profit for the period (Restated)	-	-	-	-	-	159,817	159,817	24,144	183,961
Total comprehensive income for the period	-	-	-	(145)	(67,408)	159,817	92,264	24,968	117,232
Distribution to non-controlling interests	-	-	-	-	-	-	-	(6,483)	(6,483)
2011 final dividend paid	-	-	-	-	-	(13,848)	(13,848)	-	(13,848)
As at 30 September 2011 (Restated)	76,935	307,687	41,242	15,453	229,639	1,838,706	2,509,662	536,165	3,045,827

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2012

1. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2012 have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. Application of Hong Kong Financial Reporting Standards and Changes in Accounting Policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair value.

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 2012, except for the changes set out below.

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

HKFRS 7 (Amendment)	Financial Instruments: Disclosures
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets

Amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets”

Under the amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets”, investment properties that are measured using the fair value model in accordance with HKAS 40 “Investment Property” are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances.

As a result, the Group’s investment properties using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred tax in respect of such properties. The application of the amendments has resulted in deferred tax liabilities being decreased by HK\$280,429,000 and HK\$354,406,000 as at 1 April 2011 and 31 March 2012 respectively, with the corresponding adjustment being recognized in retained earnings. In addition, the application has resulted in the Group’s taxation for the six months ended 30 September 2011 being reduced by HK\$22,859,000 and profit for the six months ended 30 September 2011 being increased by the same amount.

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

Amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets” (Continued)

In the current period, no deferred tax has been provided for in respect of changes in fair value of such investment properties, whereas previously deferred tax liabilities were provided for in relation to the changes in fair value of such investment properties. The application of the amendments has resulted in the Group's taxation for the six months ended 30 September 2012 being reduced by HK\$58,871,000 and profit for the six months ended 30 September 2012 being increased by the same amount.

Summary of effect of the changes in accounting policies

The effect of the changes in accounting policies described above for the current and prior period by line items presented in the condensed consolidated income statement and condensed consolidated statement of comprehensive income are as follows:

	For the six months ended	
	30 September	
	2012	2011
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Condensed consolidated income statement		
Decrease in taxation and corresponding increase in profit for the period	58,871	22,859
Increase in profit for the period attributable to shareholders of the Company	51,276	20,183
Increase in profit for the period attributable to non-controlling interests	7,595	2,676
	58,871	22,859
Condensed consolidated statement of comprehensive income		
Increase in profit and total comprehensive income for the period	58,871	22,859
Increase in total comprehensive income attributable to shareholders of the Company	51,276	20,183
Increase in total comprehensive income attributable to non-controlling interests	7,595	2,676
	58,871	22,859

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

Summary of effect of the changes in accounting policies (Continued)

	For the six months ended 30 September 2012		2011
	(Unaudited)	(Unaudited)	(Unaudited)
	HK Cents	HK Cents	HK Cents
Impact on basic earnings per share			
Basic earnings per share before adjustments	28.79		18.15
Adjustments arising on the application of the amendments to HKAS 12	4.45		2.62
Restated basic earnings per share	33.24		20.77

	As originally stated (Unaudited)	Adjustments (Unaudited)	As restated (Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Condensed consolidated income statement for the six months ended 30 September 2011			
Taxation	(28,327)	22,859	(5,468)
Profit for the period	161,102	22,859	183,961
Profit for the period attributable to shareholders of the Company	139,634	20,183	159,817
Profit for the period attributable to non-controlling interests	21,468	2,676	24,144
	161,102	22,859	183,961

Condensed consolidated statement of comprehensive income for the six months ended 30 September 2011

Profit for the period	161,102	22,859	183,961
Total comprehensive income for the period	94,373	22,859	117,232
Total comprehensive income attributable to shareholders of the Company	72,081	20,183	92,264
Total comprehensive income attributable to non-controlling interests	22,292	2,676	24,968
	94,373	22,859	117,232

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

Summary of effect of the changes in accounting policies (Continued)

The effect of the changes in accounting policies described above on the financial position of the Group as at 1 April 2011 and 31 March 2012 are as follows:

	As originally stated HK\$'000	Adjustments HK\$'000	As restated HK\$'000
Consolidated statement of financial position as at 1 April 2011			
Deferred tax liabilities	279,816	(280,429)	(613)
Retained earnings	1,461,182	204,389	1,665,571
Non-controlling interests	441,640	76,040	517,680
Effects on equity	1,902,822	280,429	2,183,251
Consolidated statement of financial position as at 31 March 2012			
Deferred tax liabilities	365,999	(354,406)	11,593
Retained earnings	1,774,048	269,371	2,043,419
Non-controlling interests	498,765	85,035	583,800
Effects on equity	2,272,813	354,406	2,627,219

Except as described above, the application of the above new and revised HKFRSs did not have any material effect on the financial position or performance of the Group for the current and/or prior accounting periods.

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

New and revised HKFRSs in issue but not yet effective

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

HKAS 1 (Amendment)	Presentation of Financial Statements ¹
HKAS 19 (Amendment)	Employee Benefits ²
HKAS 27 (2011)	Separate Financial Statements ²
HKAS 28 (2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities ³
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

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

3. Financial Risks Management

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. There have been no changes in the Group's financial risk management policies and procedures since year ended 31 March 2012.

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, results and assets by reportable and operating segments for the period under review:

Segment Result

For the six months ended 30 September 2012 (30 September 2011)

	Property and hotels		Investments and others		Consolidated	
	2012 HK\$'000	2011 HK\$'000 (Restated)	2012 HK\$'000	2011 HK\$'000 (Restated)	2012 HK\$'000	2011 HK\$'000 (Restated)
Segment turnover						
Company and subsidiaries	93,124	80,005	5,238	10,024	98,362	90,029
Segment result	69,853	55,151	4,988	9,749	74,841	64,900
Unallocated corporate expenses					(164)	(210)
Operating profit					74,677	64,690
Share of profits of associates	20,699	4,519	-	-	20,699	4,519
Change in fair value of investment properties	356,796	135,770	-	-	356,796	135,770
Other gains and losses	10,453	(11,539)	3,513	9,492	13,966	(2,047)
Finance costs					(16,327)	(13,503)
Taxation					(10,006)	(5,468)
Non-controlling interests					(56,245)	(24,144)
Profit attributable to shareholders of the Company					383,560	159,817
Other information						
Capital expenditure	9,254	308,258	12,409	24,308	21,663	332,566

4. Segment Information (Continued)

Segment Assets and Liabilities

As at 30 September 2012 (31 March 2012)

	Property and hotels		Investments and others		Consolidated	
	September	March	September	March	September	March
	2012	2012	2012	2012	2012	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)		(Restated)
Segment assets	4,621,433	4,278,687	321,835	285,855	4,943,268	4,564,542
Investment in associates	704,724	669,864	-	-	704,724	669,864
Consolidated total assets					5,647,992	5,234,406
Segment liabilities	(1,641,977)	(1,646,817)	(858)	(9,980)	(1,642,835)	(1,656,797)
Unallocated corporate liabilities					(1,091)	(1,279)
Consolidated total liabilities					(1,643,926)	(1,658,076)

Geographical Segment

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 segment includes China, Thailand, Malaysia and Singapore.

As at 30 September 2012 (30 September 2011)

	Turnover by geographical market	
	September	September
	2012	2011
	HK\$'000	HK\$'000
Hong Kong	94,170	82,569
Overseas	4,192	7,460
	98,362	90,029

As at 30 September 2012 (31 March 2012)

	Segment assets	
	September	March
	2012	2012
	HK\$'000	HK\$'000
Hong Kong	4,807,651	4,446,045
Overseas	135,617	118,497
	4,943,268	4,564,542

5. Turnover

	2012 HK\$'000	2011 HK\$'000
Rental income	78,527	64,937
Property expenses recovery	14,597	15,068
Dividend income	2,555	6,215
Interest income	2,683	3,757
Others	–	52
	98,362	90,029

6. Other Gains and Losses

	2012 HK\$'000	2011 HK\$'000
Gain on disposal of investment properties	10,453	–
Net gain on disposal of available for sale investments	2,903	10,216
Goodwill written off on acquisition of subsidiaries	–	(11,539)
Increase/(decrease) in fair value of financial assets	66	(58)
Other gains/(losses)	544	(666)
	13,966	(2,047)

7. Profit Before Taxation

	2012 HK\$'000	2011 HK\$'000
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	16,327	13,503
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	5,440	5,448
Pension scheme contributions	77	36
Auditors' remuneration	230	221
Depreciation	207	396
Provision for long service payments to employees	80	50
Exchange loss	168	–
and after crediting:		
Rental income from investment properties	78,527	64,937
Less: direct outgoings	(580)	(896)
Listed investment income	1,174	4,331
Unlisted investment income	1,381	1,884
Interest income	2,683	3,757
Exchange gain	–	151

8. Taxation

	2012			2011		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000 (Restated)	Total HK\$'000 (Restated)
The Company and its subsidiaries						
Hong Kong	2,274	7,721	9,995	997	4,460	5,457
Overseas	11	-	11	11	-	11
	2,285	7,721	10,006	1,008	4,460	5,468

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated Hong Kong source assessable profits for the period. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

9. Interim Dividend

The Board of Directors declares an interim dividend of HK1.30 cents (2011: HK1.20 cents) per ordinary share, totaling HK\$15,003,000 for the six months ended 30 September 2012 (2011: HK\$13,848,000) to shareholders whose names appear on the register of members of the Company at the close of business on 20 December 2012. This amount is not included as a liability in these interim financial statements.

10. Earnings Per Share

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$383,560,000 (2011 (restated): HK\$159,817,000) and on 1,154,038,656 shares (2011: 769,359,104 shares) in issue during the period.

No diluted earnings per share have been presented for the periods ended 30 September 2012 and 30 September 2011 as the Company had no dilutive potential ordinary shares during both periods.

11. Investment Properties

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
At valuation at 31 March 2012 (31 March 2011)	4,136,700	3,282,800
Additions	8,304	33,161
Disposals	(55,000)	(15,510)
Acquisition of subsidiaries	–	540,000
Revaluation	356,796	296,249
At 30 September 2012 (31 March 2012)	4,446,800	4,136,700

Investment properties have been valued at 30 September 2012 by AA Property Services Limited, independent professional valuers, on an open market value basis. The valuation was mainly arrived at by reference to comparable market transactions and where appropriate on the basis of capitalization of the net income receivable with due allowance for reversionary income potential.

12. Cash and Bank Balances

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Short-term bank deposits maturing after three months	74,401	–
Cash and cash equivalents	146,444	155,582
	220,845	155,582

13. Trade Receivables

Trade and rental debtors mainly comprise rental receivables. Rent from leasing of investment properties are normally received in advance. The aging analysis of the trade and rental debtors at the reporting date was as follows:

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
0 – 30 days	668	664
31 – 60 days	153	35
61 – 90 days	31	–
	852	699

14. Secured Bank Loans

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Current		
Repayable on demand	1,047,711	1,046,053
Non-current		
Repayable more than one year but not exceeding two years	13,000	13,000
Repayable more than two years but not exceeding five years	413,064	420,410
	426,064	433,410

All bank loans are denominated in Hong Kong dollars. The effective interest rate at 30 September 2012 was 1.92% p.a. (31 March 2012: 1.91% p.a.). The carrying amount of bank loans approximates their fair value based on prevailing market interest rate.

At the reporting date, properties with a carrying value of approximately HK\$4,410 million (31 March 2012: HK\$4,050 million) were pledged to secure banking and other loan facilities to the extent of HK\$1,655 million (31 March 2012: HK\$1,638 million) of which HK\$1,474 million (31 March 2012: HK\$1,479 million) was utilized at that date.

At the reporting date, bank deposits of HK\$80 million (31 March 2012: HK\$52 million) was pledged to secure the principal and interest payments of the bank loan.

15. Trade Payables

Trade payables are included in creditors and accruals. The aging analysis of the trade payables at the reporting date was presented based on the dates of the invoices was as follows:

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
0 – 30 days	9,469	5,717
31 – 60 days	405	1
61 – 90 days	7	517
> 90 days	241	66
	10,122	6,301

16. Contingent Liabilities and Commitments

	30 September 2012 HK\$'000	31 March 2012 HK\$'000
Guarantees		
– given to bank in respect of banking facilities utilized by subsidiaries	456,500	446,500
– given to bank in respect of banking facilities utilized by associates	187,364	187,364
– on utility deposits	609	609
Commitments		
– for total future minimum lease payments		
– not later than one year	4,240	2,309
– later than one year and not later than five years	3,351	720
– for purchase of available for sale investments		
– not later than one year	1,896	4,529

BUSINESS REVIEW

In the third quarter of 2012, China's economic growth dropped to 7.4%, representing its slowest growth rate since 2009. Full year growth is expected to be below 8% as well but this is largely in line with the targeted growth of 7.5% as outlined in the 12th 5-year plan published by the Central Government last year. The slow down is in fact quite inevitable as China transitions from the reliance on export-led growth to one driven by domestic consumption. While the media and market commentators like to talk about the slowdown in the Chinese economy as the prelude to a crisis, we believe that the austerity measures rolled out by the government over the past 2 years had successfully controlled inflation, and the moderate injection of liquidity since the beginning of 2012 has successfully brought about a soft landing of the economy.

QE3 and other forms of stimulus programs from central banks around the world have caused hot money to flow into the Hong Kong property market. Home purchase restrictions in China added fuel to the fire as Mainland Chinese investors moved their liquidity off-shore to the Hong Kong property market. Facing intense political pressure from widespread discontent among the less privilege class, the Hong Kong government rolled out harsh administrative measures such as the new Buyers Stamp Duty and an extension of the 2 year old Special Stamp Duty, as well as other liquidity dampening measures, in a bid to stabilize prices. This has caused an immediate slow down in residential price growth and an expected surge in investment in commercial properties.

In 2012, Thailand recovered strongly from the devastating flood in the fourth quarter of 2011. Both export and domestic economy has seen strong growth and The Stock Exchange of Thailand was one of the world's top performing stock markets this year. Tourism markets such as Pattaya, Koh Samui, and Phuket have also performed strongly. While Bangkok hotels recovered since last year's floods, average room rates have continued to be weak due to substantial amount of new hotel openings.

For the six months ended 30 September 2012, turnover of the Group and share of associates was HK\$146.9 million, compared to HK\$118.7 million in 2011. Operating profits increased to HK\$74.7 million, from HK\$64.7 million in the same period last year. The increase in the Group's turnover and operating profits are due mainly to new acquisition in 2011 of the Pemberton Building in Hong Kong while operating costs have been largely stable. Net profits attributable to shareholders was HK\$383.6 million, more than double of HK\$159.8 million (restated) during the same period last year. In addition to increase in operating profits as noted above, the large rise in net profits was due mainly to the substantial increase in fair value of the Group's investment properties.

Property Investments

The Group's 60% owned 68 Yee Wo Street Building (229,200 sq.ft.) in Causeway Bay has performed very well. As at 30 September 2012, occupancy was 99% while achieving healthy increase in rental rates on renewals and new leases. During the period, the property also contributed rental and related revenues of HK\$50.1 million and a fair value gain of HK\$115.1 million to the Group.

During the reporting period, the Club Lusitano Building (80,100 sq.ft.) contributed HK\$19.3 million in rental and related revenues and fair value increase of HK\$39.9 million. The property has also performed strongly, with occupancy rate standing at 92% and average rental rates increasing in line with reversionary market levels.

As reported previously, we have decided to convert the Pioneer Building (245,678 sq.ft.) in Kwun Tong to a commercial building under Hong Kong Government's revitalization scheme for industrial buildings. Our submission has already been approved by the government in May 2012 and the conversion works will start in second quarter of 2013. For the six months ended 30 September 2012, the property contributed HK\$11.6 million in rental and related revenues and HK\$136.8 million in fair value increase.

As at 30 September 2012, the newly acquired Pemberton property in Sheung Wan, Hong Kong had an occupancy rate of 96%. During the reporting period, the property contributed HK\$11.1 million in rental and related revenues as well as HK\$60.0 million in fair value increase to the Group.

The Shanghai K. Wah Centre (a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company) contributed an associate profit of HK\$15.9 million to the Group.

In May and July this year respectively, the Group completed the transactions to dispose of a shop unit at 14 Kau U Fong, Central and the 12th Floor and the roof and car parking spaces of Edwick Industrial Centre, Kwai Chung. The Kau U Fong shop was sold at a consideration of HK\$30.0 million and generated a profit of HK\$4.5 million (of which HK\$3.8 million was recognized in the previous period). The Edwick Industrial Centre property was disposed at the price of HK\$36.2 million, generating a profit of HK\$30.0 million (of which about HK\$20.2 million was recognized previously) to the Group.

Investments in Hotel Industry

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

In order to take advantage of synergistic marketing effects with our newly acquired sister property in Bangkok, the 353 rooms Pullman Pattaya Aisawan Resort has been rebranded as Pullman Pattaya Hotel G since April this year. During the six months ended 30 September 2012, the Pullman Pattaya Hotel G (owned by the Group's 49.5% owned associated company) had revenues of Baht 149.5 million (2011: Baht 114.0 million) and operating profits of Baht 51.4 million (2011: Baht 32.1 million). The Pattaya market has continued its recovery from the various political crises in the past years and the Board is optimistic about the property's future performance.

Since April this year, the newly acquired 469 rooms Sofitel Silom Hotel in Bangkok has been renamed Pullman Bangkok Hotel G, and new lobby, new rooms, new restaurants, and new function rooms were all unveiled in the first half of 2012. The new renovations were all part of the plan to rebrand the property into a lifestyle hotel, distinguishing it in a city already populated by many luxury hotels. The hotel is held by the Group through the same 49.5% owned associate that holds the Pullman Pattaya Hotel G. For the six months ended 30 September 2012, the Pullman Bangkok Hotel G had revenues of Baht 170.5 million and operating profit of Baht 14.8 million. While the hotel has only made insignificant contribution to the Group, we believe that this new property will provide operational synergies with the Pullman Pattaya Hotel G. And since the rebranding, the hotel and its restaurants have generated many positive reviews in the market. The Bangkok market is expected to be challenging in the next 2-3 years due to an oversupply of new hotels, dragging down average room rates. However, we believe that our attractive acquisition price and our differentiated product will make us a competitive force in the market.

The Group (through its 49.5% owned Thai associated company) owns 37.5% of a 79 acre land site at Cape Nga in Phuket, Thailand. The plan is to develop a world-class luxury resort with branded residences. Phase 1 of the project is planned as a 100-keys all villa resort and luxury residences operating under the brand of Park Hyatt Phuket. During the period, the environmental approvals have been obtained from the authorities and construction permit is expected to be granted in the near future.

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. For the nine months ended 30 September 2012, Dusit Thani had revenues of Baht 2.96 billion (2011: Baht 2.61 billion) and net loss of Baht 120.0 million (2011: net profit of Baht 88.2 million). The main reason for the net loss during the period was the delayed opening of the Dusit Thani Maldives Resort. In addition to negatively affecting the results of our Dusit Thani Bangkok, the flood in fourth quarter of 2011 also caused damages to the furniture and fixtures earmarked for the Dusit Thani Maldives Resort opening.

The Group’s unlisted associate (27.71% owned by the Group), Strand Hotels International Limited, is in a 50/50 joint venture with the government of Myanmar to own and operate (for 30 years) three hotels in Yangon – the Strand Hotel, the Inya Lake Hotel, and the Thamada Hotel. The re-opening of the country has continued at an astonishing pace during the past few months, culminating with the recent visit to Myanmar by U.S. President Obama on 19 November 2012. 2012 has seen a significant increase in both tourists and business visitors to the country. Since there have been hardly any new hotel construction in Yangon since the Asia Financial crisis some 15 years ago, the city is now facing a severe shortage in hotel rooms. Our three properties have been performing well in the past 12 months, and the joint venture company is now enjoying the best financial year in its 20 years history. We are optimistic that the reforms will continue and that Myanmar as a country will offer significant investment opportunities in tourism and other sectors.

PROSPECTS

A major upcoming investment for the Group in 2013 is the planned conversion of Pioneer Building into a modern commercial building under Hong Kong Government’s revitalization scheme for industrial buildings. Due to the shortage of large floor plate international Class A office space in traditional CBD areas, new developments in Kowloon East (Kowloon Bay and Kwun Tong) have been attracting many large office space users. With the future redevelopment of the old Kai Tak Airport and its accompanying new infrastructure, Kowloon East is expected to become the largest business district in Hong Kong over the next decade. As a result, both rental rates and capital values have risen strongly in the area. We believe that the timing is right for us to take advantage of all the positive changes to the neighborhood to revitalize our Pioneer Building.

LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to enjoy a strong financial position with substantial unutilized bank facilities. At 30 September 2012, the Group's total debts to total assets was 27.5% (31 March 2012: 30.2%) and net debt to total assets was 23.6% (31 March 2012: 27.3%).

EMPLOYEES

As at 30 September 2012, the number of salaried staff not including associates was 18. The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system.

DISCLOSURE OF DIRECTORS' INTERESTS

As at 30 September 2012, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors (the "Model Code") adopted by the Company to be notified to the Company and the Stock Exchange.

Long Position in Shares of the Company

	Personal interests	Interests held by controlled corporation	Interests held by family trust	Total	%
Rossana Wang Gaw	–	24,894,731 ¹	215,768,260 ²	240,662,991	20.85
Kenneth Gaw	61,418,428	12,725,857 ³	41,305,864 ⁴	115,450,149	10.00
Jane Kwai Ying Tsui	600,750	–	–	600,750	0.05

¹ Mrs. Rossana Wang Gaw owns the entire issue share capital of Vitality Holdings Limited, which was beneficially interested in 24,894,731 shares.

² Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 215,768,260 shares.

³ Mr. Kenneth Gaw owns the entire issued share capital of Top Elite Company Limited, which was beneficially interested in 12,725,857 shares.

⁴ Family trust of which Mr. Kenneth Gaw is the sole beneficiary held an aggregate of 41,305,864 shares.

Long Position in Shares of Associated Corporations

Name of company	Name of director	Number of shares held by controlled corporation	%
Grandsworth Pte. Limited	Rossana Wang Gaw	1*	50.0
Grandsworth Pte. Limited	Kenneth Gaw	1*	50.0
Pioneer Hospitality Siam (GBR) Limited	Rossana Wang Gaw	2,020,000*	50.5
Pioneer Hospitality Siam (GBR) Limited	Kenneth Gaw	2,020,000*	50.5
Keency Properties Limited	Rossana Wang Gaw	5,019,205*	50.5
Keency Properties Limited	Kenneth Gaw	5,019,205*	50.5
Pioneer iNetwork Limited	Rossana Wang Gaw	1*	50.0
Pioneer iNetwork Limited	Kenneth Gaw	1*	50.0

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

Save as disclosed above, as at 30 September 2012, 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 2012, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had interests or long 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 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 2012, had interests or long 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 2012, no outstanding options granted under the share option scheme. During the six months period ended 30 September 2012, 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 2012 at the rate of HK1.30 cents per share (2011: HK1.20 cents), payable on 7 January 2013 to all persons registered as shareholders on 20 December 2012. The transfer books and register of members of the Company will be closed from 18 December 2012 to 20 December 2012, 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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Monday, 17 December 2012.

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 2012.

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

During the six months ended 30 September 2012, 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 2012, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the period ended 30 September 2012.

By Order of the Board

Kenneth Gaw

Managing Director

Hong Kong, 27 November 2012