



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

Stock Code : 00224



INTERIM REPORT **2013**



**PIONEER GLOBAL GROUP LIMITED**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### **Executive Directors**

Rossana WANG GAW, *Chairman*

Goodwin GAW, *Vice Chairman*

Kenneth GAW, *Managing Director*

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

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

MUFG Fund Services (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 (collectively the “Group”) for the six months ended 30 September 2013, together with the comparative figures for the corresponding period in 2012 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>For the six months ended 30 September</b>	
		<b>2013</b>	2012
	<i>Notes</i>	<b>(Unaudited) HK\$'000</b>	(Unaudited) HK\$'000
Turnover			
Company and subsidiaries		<b>91,580</b>	98,362
Share of associates		<b>49,552</b>	48,504
		<b>141,132</b>	146,866
Turnover of Company and subsidiaries	5	<b>91,580</b>	98,362
Properties operating expenses		<b>(16,294)</b>	(15,877)
Staff costs		<b>(5,708)</b>	(5,597)
Depreciation		<b>(254)</b>	(208)
Other expenses		<b>(2,420)</b>	(2,003)
		<b>(24,676)</b>	(23,685)
Operating profit	4	<b>66,904</b>	74,677
Share of profits of associates		<b>9,819</b>	20,699
Change in fair value of investment properties		<b>101,896</b>	356,796
Other gains and losses	6	<b>(815)</b>	13,966
Finance costs		<b>(17,630)</b>	(16,327)
Profit before taxation	7	<b>160,174</b>	449,811
Taxation			
– current	8	<b>(834)</b>	(2,285)
– deferred	8	<b>(6,017)</b>	(7,721)
Profit for the period		<b>153,323</b>	439,805
Profit attributable to:			
Shareholders of the Company		<b>142,463</b>	383,560
Non-controlling interests		<b>10,860</b>	56,245
		<b>153,323</b>	439,805
Interim dividend	9	<b>15,003</b>	15,003
		<b>HK cents</b>	HK cents
Earnings per share	10	<b>12.34</b>	33.24

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	<b>153,323</b>	439,805
Other comprehensive (expenses)/income Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments		
– subsidiaries	<b>(3,815)</b>	1,480
– associates	<b>(32,614)</b>	12,277
Exchange difference on translation of associates	<b>387</b>	1,200
Other comprehensive (expenses)/income for the period	<b>(36,042)</b>	14,957
Total comprehensive income for the period	<b>117,281</b>	454,762
Total comprehensive income attributable to:		
Shareholders of the Company	<b>105,877</b>	396,951
Non-controlling interests	<b>11,404</b>	57,811
	<b>117,281</b>	454,762

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Audited) HK\$'000
	<i>Notes</i>		
<b>ASSETS</b>			
Non-current assets			
Investment properties	11	<b>4,842,500</b>	4,704,200
Associates		<b>742,076</b>	764,549
Available for sale investments	17	<b>263,693</b>	266,347
Property, plant and equipment		<b>2,438</b>	2,480
Other assets		<b>300</b>	300
		<b>5,851,007</b>	5,737,876
Current assets			
Debtors, advances & prepayments	12	<b>18,228</b>	25,637
Available for sale investments	17	<b>13,823</b>	16,761
Financial assets at fair value	17	<b>1,548</b>	2,336
Cash & bank balances	13	<b>164,247</b>	186,475
		<b>197,846</b>	231,209
<b>Total assets</b>		<b>6,048,853</b>	5,969,085
<b>EQUITY</b>			
Share capital		<b>115,404</b>	115,404
Reserves		<b>3,643,119</b>	3,566,093
Shareholders' funds		<b>3,758,523</b>	3,681,497
Non-controlling interests		<b>693,982</b>	682,956
<b>Total equity</b>		<b>4,452,505</b>	4,364,453

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		<b>30 September 2013 (Unaudited) HK\$'000</b>	31 March 2013 (Audited) HK\$'000
	<i>Notes</i>		
<b>LIABILITIES</b>			
Non-current liabilities			
Creditors & accruals	14	<b>29,530</b>	31,320
Secured bank loans	15	<b>1,013,464</b>	1,424,228
Deferred payment		–	20,500
Deferred taxation		<b>32,818</b>	26,801
		<b>1,075,812</b>	1,502,849
Current liabilities			
Creditors & accruals	14	<b>20,518</b>	26,120
Secured bank loans	15	<b>457,252</b>	33,720
Deferred payment		<b>41,000</b>	41,000
Tax liabilities		<b>1,766</b>	943
		<b>520,536</b>	101,783
<b>Total liabilities</b>		<b>1,596,348</b>	1,604,632
<b>Total equity and liabilities</b>		<b>6,048,853</b>	5,969,085

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	<b>59,713</b>	72,408
Net cash used in investing activities	<b>(14,131)</b>	(11,941)
Net cash used in financing activities	<b>(54,694)</b>	(69,605)
Decrease in cash and cash equivalents	<b>(9,112)</b>	(9,138)
Cash and cash equivalents at 1 April	<b>173,359</b>	155,582
Cash and cash equivalents at 30 September	<b>164,247</b>	146,444
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks up to three months' maturity	<b>164,247</b>	146,444



## 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	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
At 1 April 2013	115,404	547,748	41,242	6,625	297,464	2,673,014	3,681,497	682,956	4,364,453
Fair value change of available for sale investments									
– subsidiaries	-	-	-	-	(4,359)	-	(4,359)	-	(4,359)
– non-controlling interests	-	-	-	-	-	-	-	544	544
– associates	-	-	-	-	(32,614)	-	(32,614)	-	(32,614)
Exchange on translation of associates	-	-	-	387	-	-	387	-	387
Profit for the period	-	-	-	-	-	142,463	142,463	10,860	153,323
Total comprehensive income for the period	-	-	-	387	(36,973)	142,463	105,877	11,404	117,281
Distribution to non-controlling interests	-	-	-	-	-	-	-	(378)	(378)
2013 final dividend paid	-	-	-	-	-	(28,851)	(28,851)	-	(28,851)
<b>As at 30 September 2013</b>	<b>115,404</b>	<b>547,748</b>	<b>41,242</b>	<b>7,012</b>	<b>260,491</b>	<b>2,786,626</b>	<b>3,758,523</b>	<b>693,982</b>	<b>4,452,505</b>
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)
<b>As at 30 September 2012</b>	<b>115,404</b>	<b>547,748</b>	<b>41,242</b>	<b>9,449</b>	<b>248,659</b>	<b>2,400,436</b>	<b>3,362,938</b>	<b>641,128</b>	<b>4,004,066</b>

## NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2013

### 1. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2013 have been prepared in accordance with applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

### 2. Application of Hong Kong Financial Reporting Standards and Principal Accounting Policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for 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 2013, 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.

#### **Amendments to HKAS 1 – Presentation of Items of Other Comprehensive Income**

The amendments to HKAS 1 introduce new terminology for the statement of comprehensive income and income statement. As a result, the condensed consolidated income statement and condensed consolidated statement of comprehensive income are renamed as condensed consolidated statement of profit or loss and condensed consolidated statement of profit or loss and other comprehensive income. The amendments to HKAS 1 also require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

## **2. Application of Hong Kong Financial Reporting Standards and Principal Accounting Policies (Continued)**

### **HKFRS 10 – Consolidated Financial Statements**

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC) – Int 12 “Consolidated – Special Purpose Entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

### **HKFRS 12 – Disclosures of Interests in Other Entities**

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structural entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

The directors of the Company concluded that the application of HKFRS 10 and 12 does not have material effect on the consolidated financial statements of the Group but will result in additional disclosures in the annual consolidated financial statements.

### **HKFRS 13 – Fair Value Measurement**

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those required in the current standards. In accordance with the transitional provisions of HKFRS 13, additional information was disclosed in the interim financial statements.

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

### New and revised 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 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
HKAS 36 (Amendment)	Impairment of Assets <sup>1</sup>
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>2</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Investment entities <sup>1</sup>
HK (IFRIC) – Int 21	Levies <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> 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 to standards and 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 2013.

#### 4. 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, result, assets and liabilities by reportable and operating segments for the period under review:

##### Segment Result

For the six months ended 30 September 2013 (30 September 2012)

	Property and hotels		Investments and others		Consolidated	
	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment turnover</b>						
Company and subsidiaries	<b>82,341</b>	93,124	<b>9,239</b>	5,238	<b>91,580</b>	98,362
<b>Segment result</b>	<b>58,111</b>	69,853	<b>8,932</b>	4,988	<b>67,043</b>	74,841
Unallocated corporate expenses					<b>(139)</b>	(164)
Operating profit					<b>66,904</b>	74,677
Share of profits of associates	<b>9,819</b>	20,699	-	-	<b>9,819</b>	20,699
Change in fair value of investment properties	<b>101,896</b>	356,796	-	-	<b>101,896</b>	356,796
Other gains and losses	-	10,453	<b>(815)</b>	3,513	<b>(815)</b>	13,966
Finance costs					<b>(17,630)</b>	(16,327)
Taxation					<b>(6,851)</b>	(10,006)
Non-controlling interests					<b>(10,860)</b>	(56,245)
Profit attributable to shareholders of the Company					<b>142,463</b>	383,560
<b>Other information</b>						
Capital expenditure	<b>37,353</b>	9,254	<b>6,356</b>	12,409	<b>43,709</b>	21,663

#### 4. Segment Information (Continued)

##### Segment Assets and Liabilities

As at 30 September 2013 (31 March 2013)

	Property and hotels		Investments and others		Consolidated	
	September 2013	March 2013	September 2013	March 2013	September 2013	March 2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	<b>5,007,852</b>	4,844,570	<b>298,925</b>	359,966	<b>5,306,777</b>	5,204,536
Investment in associates	<b>742,076</b>	764,549	-	-	<b>742,076</b>	764,549
Consolidated total assets					<b>6,048,853</b>	5,969,085
Segment liabilities	<b>(1,594,344)</b>	(1,603,363)	<b>(901)</b>	(558)	<b>(1,595,245)</b>	(1,603,921)
Unallocated corporate liabilities					<b>(1,103)</b>	(711)
Consolidated total liabilities					<b>(1,596,348)</b>	(1,604,632)

##### 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 segments include China, Thailand, Malaysia and Singapore.

For the six months ended 30 September 2013 (30 September 2012)

	Turnover by geographical market	
	September 2013	September 2012
	HK\$'000	HK\$'000
Hong Kong	<b>88,042</b>	94,170
Overseas	<b>3,538</b>	4,192
	<b>91,580</b>	98,362

As at 30 September 2013 (31 March 2013)

	Segment assets	
	September 2013	March 2013
	HK\$'000	HK\$'000
Hong Kong	<b>5,175,278</b>	5,073,385
Overseas	<b>131,499</b>	131,151
	<b>5,306,777</b>	5,204,536

## 5. Turnover

	2013 HK\$'000	2012 HK\$'000
Rental income	68,839	78,527
Property expenses recovery	13,502	14,597
Dividend income	4,703	2,555
Interest income	2,906	2,683
Others	1,630	–
	<b>91,580</b>	98,362

## 6. Other Gains and Losses

	2013 HK\$'000	2012 HK\$'000
Gain on disposal of investment properties	–	10,453
Net gain on disposal of available for sale investments	–	2,903
(Decrease)/increase in fair value of financial assets at fair value	(788)	66
Other (losses)/gains	(27)	544
	<b>(815)</b>	13,966

## 7. Profit Before Taxation

	2013 HK\$'000	2012 HK\$'000
<b>Profit before taxation has been arrived at after charging:</b>		
Interest on bank loans wholly repayable within five years	17,630	16,327
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	5,604	5,440
Pension scheme contributions	78	77
Auditors' remuneration	235	230
Depreciation	254	208
Provision for long service payments to employees	26	80
Exchange loss	–	168
<b>and after crediting:</b>		
Rental income from investment properties	68,839	78,527
Less: direct outgoings	(2,062)	(580)
Listed investment income	3,609	1,174
Unlisted investment income	1,094	1,381
Interest income	2,906	2,683
Exchange gain	1,630	–

## 8. Taxation

	2013			2012		
	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	822	5,817	6,639	2,274	7,721	9,995
Overseas	12	200	212	11	-	11
	834	6,017	6,851	2,285	7,721	10,006

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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 (2012: HK1.30 cents) per ordinary share, totaling HK\$15,003,000 for the six months ended 30 September 2013 (2012: HK\$15,003,000) to shareholders whose names appear on the register of members of the Company at the close of business on 27 December 2013. 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\$142,463,000 (2012: HK\$383,560,000) and on 1,154,038,656 shares (2012: 1,154,038,656 shares) in issue during the period.

No diluted earnings per share have been presented for the periods ended 30 September 2013 and 30 September 2012 as the Company had no dilutive potential ordinary shares during both periods.



## 11. Investment Properties

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
At valuation at 31 March 2013 (31 March 2012)	<b>4,704,200</b>	4,136,700
Additions	<b>36,404</b>	14,739
Disposals	–	(55,000)
Revaluation	<b>101,896</b>	607,761
At 30 September 2013 (31 March 2013)	<b>4,842,500</b>	4,704,200

Investment properties have been valued at 30 September 2013 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. Debtors, Advances & Prepayments

Debtors, advances & prepayments comprised the following:

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
Deferred rental receivables	<b>12,557</b>	17,161
Other deposits and prepayments	<b>4,685</b>	5,671
Trade and rental debtors	<b>986</b>	2,805
	<b>18,228</b>	25,637

Trade and rental debtors mainly comprise rental receivables. Rent from leasing of investment properties are recognized according to the date of debit notes and normally received in advance.

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

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
0 – 30 days	<b>850</b>	2,449
31 – 60 days	<b>113</b>	148
61 – 90 days	<b>23</b>	208
	<b>986</b>	2,805

### 13. Cash and Bank Balances

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
Cash at bank and in hand	<b>89,724</b>	36,373
Short-term bank deposits	<b>74,523</b>	136,986
Cash and cash equivalents	<b>164,247</b>	173,359
Short-term bank deposits maturing after three months	-	13,116
	<b>164,247</b>	186,475

### 14. Creditors & Accruals

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
Creditors and accruals (due within one year)		
Rental deposits received	<b>12,314</b>	15,883
Provision for long service payments	<b>588</b>	562
Accruals	<b>3,411</b>	3,788
Trade payables	<b>4,205</b>	5,887
	<b>20,518</b>	26,120
Creditors and accruals (due more than one year)		
Rental deposits received	<b>29,530</b>	31,320
	<b>50,048</b>	57,440

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

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
0 – 30 days	<b>3,827</b>	5,290
31 – 60 days	<b>378</b>	597
	<b>4,205</b>	5,887

## 15. Secured Bank Loans

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
Current		
Repayable on demand	<b>457,252</b>	33,720
Non-current		
Repayable more than one year but not exceeding two years	–	174,220
Repayable more than two years but not exceeding five years	<b>1,013,464</b>	1,250,008
	<b>1,013,464</b>	1,424,228

All bank loans are denominated in Hong Kong dollars. The effective interest rate at 30 September 2013 was 2.15% p.a. (31 March 2013: 2.13% 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\$4,801 million (31 March 2013: HK\$4,664 million) were pledged to secure banking and other loan facilities to the extent of HK\$1,638 million (31 March 2013: HK\$1,643 million) of which HK\$1,471 million (31 March 2013: HK\$1,458 million) was utilized at that date.

At the reporting date, bank deposits of HK\$75 million (31 March 2013: HK\$44 million) were pledged to secure the principal and interest payments of the bank loan.

## 16. Guarantees and Commitments

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
Guarantees		
– given to bank in respect of banking facilities utilized by subsidiaries	<b>457,252</b>	446,002
– given to bank in respect of banking facilities utilized by an associate	<b>180,131</b>	195,435
– on utility deposits	<b>548</b>	609
Commitments (contracted but not provided for)		
– for total future minimum lease payments in respect of land and buildings		
– not later than one year	<b>2,904</b>	2,185
– later than one year and not later than five years	<b>4,444</b>	2,644
– for purchase of available for sale investments		
– not later than one year	<b>1,501</b>	1,195

## 17. Fair Value Measurement of Financial Instruments

The Group's financial instruments are classified as available for sale investments and financial assets at fair value, which are measured at fair value. The financial instruments are grouped into 3 levels based on the degree to which the inputs to the fair value measurements are observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	30 September 2013			31 March 2013		
	HK\$'000 Level 1	HK\$'000 Level 3	HK\$'000 Total	HK\$'000 Level 1	HK\$'000 Level 3	HK\$'000 Total
<b>Non-current Assets</b>						
<b>Available for sale investments</b>						
Listed investments						
In Hong Kong	163,284	-	163,284	162,278	-	162,278
Outside Hong Kong	30,276	-	30,276	34,256	-	34,256
Unlisted investments						
In Hong Kong	-	37	37	-	37	37
Outside Hong Kong	-	70,096	70,096	-	69,776	69,776
	<b>193,560</b>	<b>70,133</b>	<b>263,693</b>	196,534	69,813	266,347
<b>Current Assets</b>						
<b>Available for sale investments</b>						
Listed investments						
Outside Hong Kong	13,823	-	13,823	9,864	-	9,864
Unlisted investments						
In Hong Kong	-	-	-	-	6,897	6,897
<b>Financial assets at fair value</b>						
Listed investments						
Outside Hong Kong	1,548	-	1,548	2,336	-	2,336
	<b>15,371</b>	<b>-</b>	<b>15,371</b>	12,200	6,897	19,097

## 17. Fair Value Measurement of Financial Instruments (Continued)

As at 30 September 2013, the Group had no Level 2 financial instruments. There were no transfers or reclassifications of financial assets during the period ended 30 September 2013.

The fair value of listed investments that are measured using quoted market prices (Level 1) is the current bid price at the reporting date.

The fair value of unlisted investments that are measured using unobservable market data (Level 3) is derived from the net asset value of the investments.

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

	<b>30 September 2013 HK\$'000</b>	31 March 2013 HK\$'000
Unlisted available for sale investments		
At 1 April 2013 (1 April 2012)	<b>76,710</b>	68,669
Additions	–	7,617
Disposal	<b>(6,897)</b>	–
Return of capital	<b>(1,235)</b>	(496)
Total gains or losses:		
In other comprehensive income as change in fair value of available for sale investments of subsidiaries	<b>1,555</b>	920
At 30 September 2013 (31 March 2013)	<b>70,133</b>	76,710

## BUSINESS REVIEW

As the world continues to debate the timing of the tapering of quantitative easing, the most significant economic news in the past few months has been the reform package announced by China following the recently concluded Third Plenary Session of the 18th CPC Central Committee. The reform package, including the relaxation of one child policy, rural land reform, interest rate and capital accounts liberalization, and the acknowledgement of private enterprises as the key driver of the economy, is a significant statement by the Chinese leadership that it is committed to move the economy into a new phase of sustainable, albeit more moderate growth. We are optimistic that the Chinese government will continue to be successful in driving the country forward.

In Hong Kong, harsh administrative measures by the government to dampen investment demand have been successful in containing property prices. However, recent price cuts, along with stamp duty subsidies, by developers in latest project launches have generated significant interest from both end-users and investors, indicating that underlying demand continues to be strong. In light of the persistently low interest environment, this will likely continue until more physical supply hits the market, or when the interest rate environment finally changes. And with the government continuing to face political pressure from high property prices, we believe that demand dampening policies will be in place for the foreseeable future.

After a strong recovery in 2012 when its economy grew by 6.5%, Thailand's economy slowed in 2013, due partly to a slowdown in China's growth in 2013. Fortunately, tourism markets such as Pattaya, Koh Samui, and Phuket performed strongly. And Bangkok hotels' occupancy rates have been maintained at a healthy level despite competitive room rates. However, a key worry is the re-ignition of political conflicts after a two year hiatus. Up until its recent push to pass the amnesty bill (which is seen as a key step to bring back the exiled former Prime Minister Thaksin Shinawatra), the government of Yingluck Shinawatra has been popular and has been able to maintain political stability. Unfortunately, the amnesty bill saga has once again brought "yellow shirt" protestors to the streets. If these destabilizing protests continue, it may once again affect the tourism sector.

For the six months ended 30 September 2013, turnover for the Group and share of associates amounted to HK\$141.1 million, a 3.9% decrease from HK\$146.9 million in 2012. Operating profits was HK\$66.9 million, compared to HK\$74.7 million during the interim period in 2012. The drop in the Group's turnover and operating profits were due to the revitalization program of the Pioneer Building. By the start of the interim period, all tenants in the Pioneer Building had vacated the building to allow for the conversion works, which started in April 2013, hence there were no longer rental and management income contribution from the building during the period. Net profit attributable to shareholders was HK\$142.5 million (2012: HK\$383.6 million) during the six months period. In addition to the revitalization of the Pioneer Building, the substantial drop in net profit was due mainly to the much smaller increase in fair value of investment properties (HK\$101.9 million in the six months to 30 September 2013, compared to HK\$356.8 million during the same period in 2012).

## Property Investments

The Group's 60% owned 68 Yee Wo Street Building (229,200 sq.ft.) in Causeway Bay, Hong Kong lost a large tenant (occupying 3 whole floors in the office tower) during the period. As a result, occupancy rate dropped to 87%, from 99% at the beginning of the period. Other than that, the rental rates for the building has continued to increase and we are confident that the property will continue to perform satisfactorily. During the six months interim period, the property contributed rental and related revenues of HK\$53.0 million to the Group.

The Club Lusitano Building (80,100 sq.ft.) in Central, Hong Kong contributed HK\$16.2 million in rental and related revenues to the Group in the six months to 30 September 2013. During the period, the retail podium of the building was vacated as we plan on a renovation of the facade and interior layout of the podium space to bring in a new flagship retail store. As a result of that and a few other tenants movements, the building's occupancy rate dropped to 62%, from 92% at the beginning of the period.

During the reporting period, the Pioneer Building (245,678 sq.ft.) in Kwun Tong, Hong Kong made no contribution to the Group in rental and other revenues as all tenants are vacated for the construction works related to the revitalization scheme to convert the building from industrial to commercial use. However, the building contributed a fair value increase of HK\$94.8 million.

As at 30 September 2013, the Pemberton Building (70,616 sq.ft.) in Sheung Wan, Hong Kong enjoyed an occupancy rate of 100% and contributed HK\$12.6 million in rental and related revenues for the six months ended 30 September 2013.

During the period, the Shanghai K. Wah Centre (a GFA 750,000 sq.ft. commercial tower in Shanghai held 15.4% through the Group's 50.0% owned associated company) contributed an associate profit of HK\$12.4 million to the Group.

## Investments in Hotel Industry

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

During the six months ended 30 September 2013, the Pullman Pattaya Hotel G (owned by the Group's 49.5% owned associated company) performed satisfactorily, generating revenues of Baht 160.1 million (2012: Baht 149.5 million) and operating profits of Baht 58.4 million (2012: Baht 51.4 million). The Pattaya market has performed strongly as a whole and the newly rebranded Pullman Pattaya Hotel G is steadily gaining market share. It is expected that the Pattaya market will continue to perform well in the year to come.

For the six months ended 30 September 2013, the Pullman Bangkok Hotel G (held by the Group through the same 49.5% owned associate that holds the Pullman Pattaya Hotel G) had revenues of Baht 207.7 million (2012: Baht 170.5 million) and operating profit of Baht 51.0 million (2012: Baht 14.8 million). Now in its second year of operation since being rebranded into Pullman Bangkok Hotel G, the hotel's performance has continued to improve as expected. While there are more new hotels coming onto the Bangkok market over the past two years, market participants have been pleasantly surprised by the strength of the market to absorb these new rooms.

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. We plan to develop a world-class luxury resort with branded residences. Phase 1 of the project is a 100-keys all villa resort and luxury residences operating under the brand of Park Hyatt Phuket. The construction permit has recently been granted and the management is now moving forward with interior design and other preparation works before commencing construction.

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 2013, Dusit Thani achieved total revenues of Baht 3.37 billion (2012: Baht 2.96 billion) and net profit attributable to shareholders of Baht 58.3 million (2012 (Restated): Baht 5.1 million). Dividend income to our associated company was Baht 7.1 million (2012: Baht 3.9 million).

The Group's unlisted associated company (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. Since the recent political reform in Myanmar, our three hotels have been performing very well. The forecast is that this will be the best performing year historically for these properties. Looking forward, however, new hotels are being built in the city and some of our competitors are renovating their products. To meet competition, the management is planning major refurbishment plans for our three properties. These works are expected to be carried out in phases over the next 3-4 years.



## PROSPECTS

The revitalization scheme to convert the Pioneer Building from industrial to commercial use started in April 2013. It is forecasted that the construction works will be completed by Q2/Q3 2014. Pre-leasing of the building also started and has thus far attracted strong interest from high quality multinational as well as local tenants. Upon completion of the revitalization scheme, Pioneer Building will be re-launched as “Pioneer Place” and we are confident that the re-launched building will become a major income contributor to the Group.

As reported in the previous report, the Group is exploring potential investment opportunities in Myanmar, especially in the tourism industry. In September 2013, the Group’s associated company, Strand Hotels International Limited, committed to construct a river cruise ship in Myanmar with an estimated cost of about US\$5.3 million. The ship will have 26 cabins and is scheduled to be completed by Q3 2015. The plan is to launch the ship as “Strand Cruise” which will be marketed with cruise packages in conjunction with the Strand Hotel in Yangon.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group continued to enjoy a strong financial position with substantial unutilized bank facilities. As at 30 September 2013, the Group’s total debts to total assets was 25.0% (31 March 2013: 25.5%) and net debt to total assets was 22.3% (31 March 2013: 22.3%).

## EMPLOYEES

As at 30 September 2013, the number of salaried staff not including associates was 17 (2012: 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 2013, 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 <sup>1</sup>	215,768,260 <sup>2</sup>	240,662,991	20.85
Kenneth Gaw	61,418,428	12,725,857 <sup>3</sup>	41,305,864 <sup>4</sup>	115,450,149	10.00

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

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

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

<sup>4</sup> 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	%
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 2013, 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 2013, 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 <sup>1</sup>	18.70
Prosperous Island Limited	97,324,936	8.43

<sup>1</sup> 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 2013, 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 2013, no outstanding options granted under the share option scheme. During the six months period ended 30 September 2013, 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 2013 at the rate of HK1.30 cents per share (2012: HK1.30 cents), payable on 14 January 2014 to all persons registered as shareholders on 27 December 2013. The transfer books and register of members of the Company will be closed from 23 December 2013 to 27 December 2013, 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 Friday, 20 December 2013.

## 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 2013.

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

During the six months ended 30 September 2013, 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 2013, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for deviation from code provision A.6.7 of the CG Code which stipulates, among others, that independent non-executive directors and other non-executive directors should attend general meetings. Due to other business engagement, Mr. Arnold Tin Chee Ip, an independent non-executive director, was unable to attend the annual general meeting of the Company.

## 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 2013.

By Order of the Board  
**Kenneth Gaw**  
*Managing Director*

Hong Kong, 28 November 2013