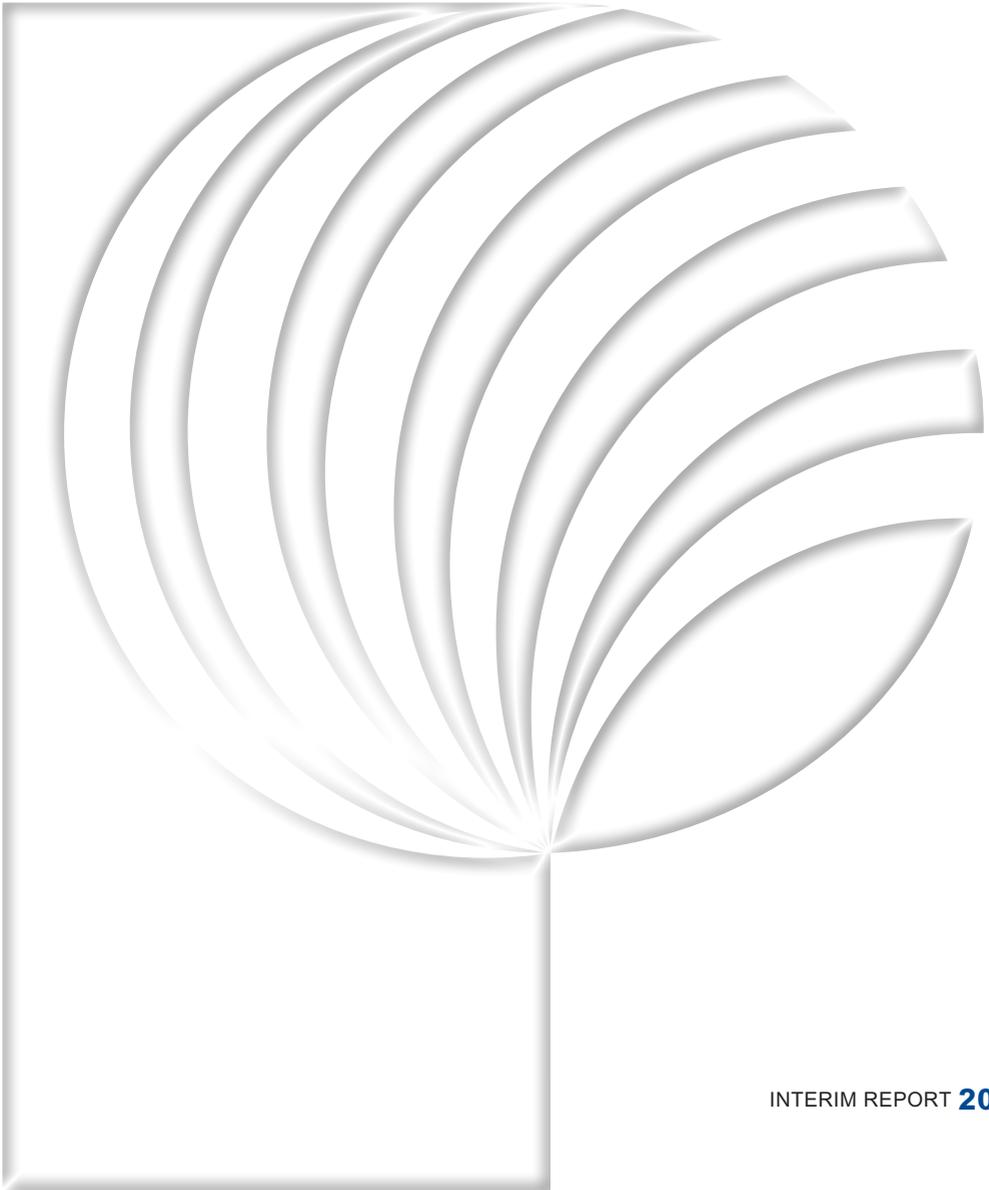




PIONEER GLOBAL GROUP LIMITED
建生國際集團有限公司

Stock Code : 00224



INTERIM REPORT **2020**



PIONEER GLOBAL GROUP LIMITED

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Rossana WANG GAW, *Chairman*

Goodwin GAW, *Vice Chairman*

Kenneth GAW, *Managing Director*

Christina GAW

Alan Kam Hung LEE

Independent Non-executive Directors

Dr. Charles Wai Bun CHEUNG, JP

Arnold Tin Chee IP

Stephen TAN

AUDIT COMMITTEE

Dr. Charles Wai Bun CHEUNG, JP, *Chairman*

Arnold Tin Chee IP

Stephen TAN

COMPANY SECRETARY

Tsui Yan LAW

BANKERS

Citibank N.A. Hong Kong

Standard Chartered Bank

(Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

Hang Seng Bank Limited

SOLICITORS

Fangda Partners

Mayer Brown JSM

AUDITOR

CHENG & CHENG LIMITED

REGISTERED OFFICE

Victoria Place, 5th Floor

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Hamilton HM 10, Bermuda

PRINCIPAL OFFICE IN HONG KONG

18th Floor

68 Yee Wo Street

Causeway Bay

Hong Kong

SHARE REGISTRAR & TRANSFER OFFICE IN BERMUDA

MUFG Fund Services (Bermuda) Limited

4th Floor, North Cedar House

41 Cedar Avenue

Hamilton HM 12, Bermuda

SHARE REGISTRARS & TRANSFER OFFICE IN HONG KONG

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INFORMATION

<http://www.pioneerglobalgroup.com>

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

Bloomberg: 224:HK

Reuters: 0224.hk

The Board of Directors of Pioneer Global Group Limited (“the Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2020, together with the comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended	
		30 September	2019
		2020	2019
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue			
Company and subsidiaries		137,249	148,834
Share of associates (<i>Note</i>)		14,867	183,855
		152,116	332,689
Revenue of Company and subsidiaries	5	137,249	148,834
Properties operating expenses		(19,409)	(19,565)
Staff costs		(7,261)	(7,859)
Depreciation		(340)	(407)
Other expenses		(2,191)	(2,537)
		(29,201)	(30,368)
Operating profit	4	108,048	118,466
Share of results of associates		(34,939)	(43,626)
Change in fair value of investment properties		(3,635)	90,019
Change in fair value of investments in equity instruments at fair value through profit or loss (“FVTPL”)		(1,081)	(7,076)
Other gains and losses		(12)	398
Finance costs	6	(33,644)	(33,222)
Profit before taxation	7	34,737	124,959
Taxation			
Current	8	(8,840)	(8,609)
Deferred	8	(2,621)	(4,198)
Profit for the period		23,276	112,152
Profit attributable to:			
Shareholders of the Company		12,038	83,128
Non-controlling interests		11,238	29,024
		23,276	112,152
Interim dividend	9	–	17,311
		HK cents	HK cents
Earnings per share	10	1.04	7.20

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	23,276	112,152
Other comprehensive income/(expense):		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI")	(17,429)	(20,426)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments in debt instruments at FVTOCI	228	(352)
Exchange difference on translation of associates	-	13,671
	(17,201)	(7,107)
Total comprehensive income for the period	6,075	105,045
Total comprehensive income/(expense) attributable to:		
Shareholders of the Company	(6,973)	76,021
Non-controlling interests	13,048	29,024
	6,075	105,045

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Investment properties	11	7,580,600	7,584,000
Associates		2,168,213	2,146,408
Debt instruments at FVTOCI	17	1,875	1,647
Equity instruments designated at FVTOCI	17	214,113	232,286
Equity instruments at FVTPL	17	173,416	174,497
Property, plant & equipment		3,801	3,262
Other assets		300	300
		10,142,318	10,142,400
Current assets			
Debtors, advances & prepayments	12	27,021	24,227
Tax assets		562	495
Cash & bank balances	13	396,732	390,267
		424,315	414,989
Total assets		10,566,633	10,557,389
EQUITY			
Share capital		115,404	115,404
Reserves		6,905,425	6,912,398
Shareholders' funds		7,020,829	7,027,802
Non-controlling interests		1,088,341	1,075,293
Total equity		8,109,170	8,103,095

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		At 30 September 2020 (Unaudited) HK\$'000	At 31 March 2020 (Audited) HK\$'000
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Creditors & accruals	14	50,414	51,896
Secured bank loans	15	1,417,500	1,417,500
Lease liabilities		831	65
Deferred taxation		73,285	70,663
		1,542,030	1,540,124
Current liabilities			
Creditors & accruals	14	41,461	45,027
Secured bank loans	15	863,500	863,500
Lease liabilities		408	600
Tax liabilities		10,064	5,043
		915,433	914,170
Total liabilities		2,457,463	2,454,294
Total equity and liabilities		10,566,633	10,557,389

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to shareholders of the Company

	Share capital	Share premium	Capital reserve & contributed surplus	Exchange reserve	Investment revaluation reserve	Property revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	115,404	547,748	41,242	1,982	62,826	174,497	6,084,103	7,027,802	1,075,293	8,103,095
Fair value change of investments in										
– equity instruments designated at FVTOCI	-	-	-	-	(19,239)	-	-	(19,239)	1,810	(17,429)
– debt instruments at FVTOCI	-	-	-	-	228	-	-	228	-	228
Other comprehensive income/ (expense) for the period	-	-	-	-	(19,011)	-	-	(19,011)	1,810	(17,201)
Profit for the period	-	-	-	-	-	-	12,038	12,038	11,238	23,276
Total comprehensive income/ (expense) for the period	-	-	-	-	(19,011)	-	12,038	(6,973)	13,048	6,075
At 30 September 2020	115,404	547,748	41,242	1,982	43,815	174,497	6,096,141	7,020,829	1,088,341	8,109,170

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Attributable to shareholders of the Company

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash inflow from operating activities	90,134	108,301
Cash flows from investing activities		
Decrease in short-term bank deposits maturing after three months	–	3,370
Additions to investment properties	(235)	(4,981)
Associates:		
Advance to associates	(41)	(62)
Repayment from associates	–	4,753
Distribution from associates	1,797	–
Additional investment	(58,500)	(388)
Financial instruments:		
Purchase of equity instruments at FVTPL	–	(51,881)
Addition of equity instruments designated at FVTOCI	(23)	(235)
Proceeds from disposal of debt instruments at FVTOCI	–	67,860
Return of capital of equity instruments designated at FVTOCI	766	253
Property, plant & equipment:		
Purchase of property, plant & equipment	(165)	(88)
Proceeds from disposal of property, plant & equipment	290	–
Dividend received from equity instruments designated at FVTOCI	4,512	5,650
Interest received	2,556	4,055
Net cash (used in)/generated from investing activities	(49,043)	28,306
Cash flows from financing activities		
Repayment of obligations under finance lease	–	(168)
Repayment of lease liabilities	(490)	–
Interest paid	(33,760)	(34,126)
Other finance costs paid	(426)	(18)
Net cash used in financing activities	(34,676)	(34,312)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	For the six months ended	
	30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net increase in cash and cash equivalents	6,415	102,295
Effect of foreign exchange rate changes	50	(2)
Cash and cash equivalents at the beginning of the period	390,267	275,183
Cash and cash equivalents at the end of the period	396,732	377,476
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks up to three months' maturity	396,732	377,476

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. Basis of Preparation

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020 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 (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

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

Other than changes in accounting policies resulting from application of amendments to HKFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020. Details of the changes in accounting policies are set out below.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

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

Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

3. Financial Risks Management

The main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. There have been no changes in the Group’s financial risk management policies and procedures since the year ended 31 March 2020.

4. Segment Information

Segment information is presented in respect of the Group primary business segments. In accordance with the internal financial reporting of the Group provided to the chief operating decision maker (i.e. Board of Directors) for the purposes of allocating resources to segments, assessing their performance and making strategic decisions, the reportable segments are (i) property and hotels and (ii) investments and others.

4. Segment Information (Continued)

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

Segment Revenue and Result

For the six months ended 30 September 2020 (30 September 2019)

	Property and hotels		Investments and others		Consolidated	
	2020	2019	2020	2019	2020	2019
	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
Segment revenue						
Company and subsidiaries	130,648	138,658	6,601	10,176	137,249	148,834
Segment result	101,998	108,961	6,167	9,776	108,165	118,737
Unallocated corporate expenses					(117)	(271)
Operating profit					108,048	118,466
Share of results of associates	(34,939)	(43,626)	-	-	(34,939)	(43,626)
Change in fair value of investment properties	(3,635)	90,019	-	-	(3,635)	90,019
Change in fair value of investments in equity instruments at FVTPL	(1,081)	(7,076)	-	-	(1,081)	(7,076)
Other gains and losses	-	-	(12)	398	(12)	398
Finance costs					(33,644)	(33,222)
Profit before taxation					34,737	124,959
Other information						
Capital expenditure	58,776	57,312	188	323	58,964	57,635

Segment result represents the profit earned by each segment without allocation of general administrative expenses incurred by corporate office, share of results of associates, change in fair value of investment properties, change in fair value of investments in equity instruments at FVTPL, other gains and losses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

4. Segment Information (Continued)

Segment Assets and Liabilities

As at 30 September 2020 (31 March 2020)

	Property and hotels		Investments and others		Consolidated	
	30 September	31 March	30 September	31 March	30 September	31 March
	2020	2020	2020	2020	2020	2020
	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
Segment assets	7,978,141	7,951,082	420,279	459,899	8,398,420	8,410,981
Investment in associates	2,168,213	2,146,408	-	-	2,168,213	2,146,408
Consolidated total assets					10,566,633	10,557,389
Segment liabilities	(2,454,213)	(2,452,026)	(2,155)	(1,582)	(2,456,368)	(2,453,608)
Unallocated corporate liabilities					(1,095)	(686)
Consolidated total liabilities					(2,457,463)	(2,454,294)

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

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

Geographical Segments

In geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. Overseas segments mainly include China, Thailand and Malaysia.

4. Segment Information (Continued)

Geographical Segments (Continued)

Segment Revenue

For the six months ended 30 September 2020 (30 September 2019)

	2020 HK\$' 000	2019 HK\$' 000
Hong Kong	135,473	146,097
Overseas	1,776	2,737
	137,249	148,834

Segment Assets

As at 30 September 2020 (31 March 2020)

	30 September 2020 HK\$' 000	31 March 2020 HK\$' 000
Hong Kong	8,159,689	8,134,653
Overseas	238,731	276,328
	8,398,420	8,410,981

5. Revenue

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

	2020	2019
	HK\$' 000	HK\$' 000
Revenue from contracts with customers within the scope of HKFRS15		
Property expenses recovery from tenants	19,147	22,027
Revenue from other sources		
Rental income from property leasing	111,500	116,630
Dividend income		
– equity instruments designated at FVTOCI	4,512	5,650
Interest income		
– financial assets at amortized cost	2,059	3,503
– debt instruments at FVTOCI	31	1,024
	137,249	148,834

6. Finance Costs

	2020	2019
	HK\$' 000	HK\$' 000
Interest on bank loans	33,208	33,204
Interest on lease liabilities	11	18
Other finance costs	425	–
	33,644	33,222

7. Profit Before Taxation

	2020 HK\$' 000	2019 HK\$' 000
Profit before taxation has been arrived at after charging:		
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	5,573	6,177
Minimum lease payment to directors' quarters	1,560	1,560
Pension scheme contributions	128	122
Auditor's remuneration	305	282
Depreciation	340	407
Exchange loss	-	2
and after crediting:		
Rental income from property leasing	111,500	116,630
Add: other income	392	3,016
Listed investment income	3,240	5,112
Unlisted investment income	1,272	538
Interest income	2,090	4,527
Exchange gain	49	-

8. Taxation

	2020			2019		
	Current taxation HK\$' 000	Deferred taxation HK\$' 000	Total HK\$' 000	Current taxation HK\$' 000	Deferred taxation HK\$' 000	Total HK\$' 000
The Company and its subsidiaries						
Hong Kong	8,840	2,371	11,211	8,609	4,198	12,807
Overseas	-	250	250	-	-	-
	8,840	2,621	11,461	8,609	4,198	12,807

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 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 does not recommend payment of any interim dividend for the period ended 30 September 2020 (2019: HK1.50 cents per ordinary share).

10. Earnings Per Share

Earnings per share is calculated on profit attributable to ordinary shareholders of the Company amounting to HK\$12,038,000 (2019: HK\$83,128,000) and on the 1,154,038,656 shares (2019: 1,154,038,656 shares) in issue during the period.

No diluted earnings per share have been presented for the periods ended 30 September 2020 and 30 September 2019 as the Company had no dilutive potential ordinary shares during both periods.

11. Investment Properties

	30 September 2020 HK\$'000	31 March 2020 HK\$'000
At valuation at 31 March 2020 (31 March 2019)	7,584,000	7,525,000
Additions	235	8,099
Revaluation	(3,635)	50,901
At 30 September 2020 (31 March 2020)	7,580,600	7,584,000

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

Investment properties have been valued at 30 September 2020 and 31 March 2020 by AA Property Services Limited, an independent professional valuer, who has recognized relevant professional qualifications and experiences in valuation of properties. The directors of the Company had on-going discussions with the valuer upon producing the valuation reports in respect of valuation assumption use and other inputs relevant for the valuations of the Group's investment properties.

As at 30 September 2020 and 31 March 2020, the fair value of the investment properties was determined 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:

	30 September 2020 HK\$' 000	31 March 2020 HK\$' 000
Deferred rental receivables	11,530	9,502
Other deposits and prepayments	8,977	8,177
Trade and rental debtors	6,514	6,548
	27,021	24,227

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

At the reporting date, the aging analysis of the trade and rental debtors based on the date of invoices and net of provision for bad and doubtful debts was as follows:

	30 September 2020 HK\$' 000	31 March 2020 HK\$' 000
0 – 30 days	4,370	5,633
31 – 60 days	1,127	388
61 – 90 days	512	286
> 90 days	505	241
	6,514	6,548

13. Cash & Bank Balances

	30 September 2020 HK\$' 000	31 March 2020 HK\$' 000
Cash at bank and in hand	25,957	27,075
Short-term bank deposits	370,775	363,192
Cash and cash equivalents	396,732	390,267

14. Creditors & Accruals

	30 September 2020 HK\$' 000	31 March 2020 HK\$' 000
Creditors and accruals (due within one year)		
Rental deposits received	21,001	22,357
Accruals	14,020	13,291
Trade payables	6,440	9,379
	41,461	45,027
Creditors and accruals (due more than one year)		
Rental deposits received	50,414	51,896
	91,875	96,923

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

	30 September 2020 HK\$' 000	31 March 2020 HK\$' 000
0 – 30 days	4,507	7,064
31 – 60 days	682	938
61 – 90 days	370	809
> 90 days	881	568
	6,440	9,379

15. Secured Bank Loans

	30 September 2020 HK\$' 000	31 March 2020 HK\$' 000
Current		
Repayable within one year	863,500	863,500
Non-current		
Repayable more than one year but not exceeding two years	1,417,500	1,417,500

As at 30 September 2020 and 31 March 2020, all bank loans were denominated in Hong Kong dollars. The effective interest rate at 30 September 2020 was 2.91% p.a. (31 March 2020: 2.90% p.a.).

16. Guarantees & Commitments

	30 September 2020 HK\$' 000	31 March 2020 HK\$' 000
Guarantees		
given to a bank in respect of banking facilities utilized by subsidiaries of the Company	1,879,800	1,879,800
Commitments (contracted but not provided for)		
for total future minimum lease payments in respect of land and buildings		
– not later than one year	1,110	2,670
for purchase of equity instruments designated at FVTOCI		
– not later than one year	1,863	1,868
	1,882,773	1,884,338

17. Investments in Debt Instruments at FVTOCI/Equity Instruments Designated at FVTOCI/Equity Instruments at FVTPL

The Group's financial instruments are measured at fair value. They are classified as debt instruments at FVTOCI, equity instruments designated at FVTOCI and equity instruments at FVTPL. 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).

17. Investments in Debt Instruments at FVTOCI/Equity Instruments Designated at FVTOCI/Equity Instruments at FVTPL (Continued)

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

	30 September 2020				31 March 2020			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Investments in debt instruments at FVTOCI								
<i>Debt securities classified as non-current assets</i>								
Listed outside Hong Kong	1,875	-	-	1,875	1,647	-	-	1,647
	1,875	-	-	1,875	1,647	-	-	1,647
Investments in equity instruments at FVTPL								
<i>Equity investments classified as non-current assets</i>								
Unlisted in Hong Kong	-	-	93,837	93,837	-	-	100,664	100,664
Unlisted outside Hong Kong	-	-	79,579	79,579	-	-	73,833	73,833
	-	-	173,416	173,416	-	-	174,497	174,497
Investments in equity instruments designated at FVTOCI								
<i>Equity investments classified as non-current assets</i>								
Listed in Hong Kong	86,693	-	-	86,693	109,396	-	-	109,396
Listed outside Hong Kong	743	-	-	743	619	-	-	619
Unlisted in Hong Kong	-	-	37	37	-	-	37	37
Unlisted outside Hong Kong	-	-	126,640	126,640	-	-	122,234	122,234
	87,436	-	126,677	214,113	110,015	-	122,271	232,286
Total	89,311	-	300,093	389,404	111,662	-	296,768	408,430

17. Investments in Debt Instruments at FVTOCI/Equity Instruments Designated at FVTOCI/Equity Instruments at FVTPL (Continued)

The fair value of the listed investments are measured using quoted prices in active markets (level 1 inputs). They are derived from the current bid price of the listed shares, debt securities and investment funds at reporting date.

For unlisted investments that do not have quoted market price in active markets, they are measured using valuation techniques in which maximizing the use of observable market data where it is available (level 2 input).

For unlisted investments that do not have quoted market price in active markets, they are measured using valuation techniques in which any significant input is based on observable market data (level 3 inputs).

The unlisted equity instruments at FVTPL represents a 4% ownership in a company which indirectly holds an investment property in Shanghai, China and a 3.13% ownership in a company which indirectly holds an investment property in Tai Koo Shing, Hong Kong for rental income. The investments were classified as level 3.

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

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

	30 September 2020 HK\$' 000	31 March 2020 HK\$' 000
At 1 April 2020 (1 April 2019)	296,768	209,395
Additions	-	52,116
Return of capital	(766)	(1,416)
Total gains or losses recognized due to change in fair value of investments:		
In profit or loss	(1,081)	41,315
In other comprehensive income	5,172	(4,642)
At 30 September 2020 (31 March 2020)	300,093	296,768

18. Related Party Transactions

(a) Transaction with related parties

- (i) Based on the lease agreements signed with the related companies, rental income of HK\$5,781,000 (2019: HK\$5,603,400) was accounted for in the interim period.
- (ii) During the reporting period, management fee amounting to HK\$258,000 (2019: HK\$318,000) was paid to Gaw Capital Advisors Limited for sharing of staff and administrative expenses.

(b) Key management personnel compensation

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

	2020	2019
	HK\$'000	HK\$'000
Directors' fees	138	138
Salaries, allowances and benefits	4,866	4,777
Pension scheme contributions	36	35
	5,040	4,950

BUSINESS REVIEW

Since the end of March this year, the COVID-19 pandemic has wrecked havoc on the world economy, shutting down international travels globally. However, governments around the world have responded with unprecedented monetary stimulus which has successfully cushioned the pain in the short term. After falling sharply during the early weeks of the pandemic, major stock markets have largely recovered. Leading technology companies, seen as beneficiaries in the “work from home” environment, have seen their stock prices soar to all time highs. And while the US and Europe have continued to suffer from the pandemic, much of Asia has been able to control its spread. China in particular, has come out of the pandemic with resumed economic growth, with strong performance in domestic tourism, consumption, and real estate sales.

In Hong Kong, while hotels and tourism related retail have continued to suffer from COVID-19, and the office sector has seen dampened demand resulting in lower occupancy and rental rates, it is encouraging to see strong mass market residential sales, reflecting robust demands. The passing of the National Security Law in June has also successfully brought stability back to Hong Kong. Despite the continuing COVID-19 pandemic, it is a relief to see Hong Kong free from the chaos of protests and riots that ravaged our city in 2019.

In Thailand, the government also reacted to COVID-19 by declaring a state of emergency, curfews, and subsequently banning entry of foreign nationals into the country in early April. While the ban has since been partially lifted in July, stringent quarantine measures remained in place. As long as such measures remain, the tourism sector in Thailand will continue to be in the doldrums.

During the six months period ended 30 September 2020, total revenues for the Group including share of associates was HK\$152.1 million, representing a substantial decline from HK\$332.7 million during the same period in 2019. The drop in revenues (mainly share of associates) were due to the closure of the InterContinental Hong Kong since 20 April 2020 and the closure of the Group’s hotels in Thailand during quarter 2 2020 due to the COVID-19 pandemic. However, the Group’s directly held investment properties have been resilient with an operating profit for the period of HK\$108.0 million (from HK\$118.5 million in 2019). Share of results of associates recorded a net loss of HK\$34.9 million (compared to a net loss of HK\$43.6 million in 2019). There was also a slight negative change in fair value of investment properties by HK\$3.6 million, compared to a gain of HK\$90.0 million a year ago. Due to the negative effects of the COVID-19 pandemic and the lack of fair value increase in investment properties, the

Group's net profit for the interim period declined to HK\$23.3 million (2019: HK\$112.2 million) of which net profit attributable to shareholders was HK\$12.0 million (2019: HK\$83.1 million).

Property Investments (Hong Kong and Asia)

By Subsidiaries

As of 30 September 2020, the Group's investment property Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong enjoys an occupancy rate of 100%. For the six months period ended 30 September 2020, Pioneer Place contributed rental and related revenues of HK\$31.7 million (2019: HK\$32.7 million) and no fair value increase.

On 30 September 2020, the Group's 60% owned 68 Yee Wo Street Building (229,200 sq. ft.) in Causeway Bay, Hong Kong has an occupancy rate of 88%. This is a lower occupancy than the previous period's 92%, due to the poor operating environment under COVID-19 for food and beverage and education businesses in the retail podium of the building. For the six months ended 30 September 2020, the property contributed rental and related revenues of HK\$60.4 million (2019: HK\$70.2 million) and no fair value increase.

The Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong has also seen a drop in occupancy rate to 88%, compared to 96% in the previous period. For the interim reporting period, the property contributed HK\$29.6 million (2019: HK\$29.6 million) in rental and related revenues and a slight decrease of HK\$0.2 million in fair value.

The occupancy rate at the 56,740 sq. ft. commercial podium of Kiu Fat Building (115-119 Queen's Road West) in Sai Ying Pun, Hong Kong has remained at 54%. However, as at 4 August 2020, the remaining vacant spaces of the property at LG/F and G/F levels have been largely leased out. Including already signed but not yet occupied leases, the occupancy of the property will increase to 99% by 6 January 2021. For the interim period ended 30 September 2020, the property contributed HK\$7.9 million (2019: HK\$5.2 million) in rental and related revenues and a fair value decrease of HK\$5.4 million.

By Associates

The Group has investments in Shanghai K. Wah Centre (7.7%), China through an associate. As of 30 September 2020, the property had occupancy rate of 94% and the share of associate's results recorded a profit of HK\$4.4 million.

The Group owns an effective stake of 5.1% in three adjacent commercial buildings in Tokyo, Japan through an associate. The three buildings are the Aoyama Building (400,594 sq. ft.), Mihashi Building (5,419 sq. ft.), and Clover Aoyama Building (9,250 sq. ft.) on Aoyama Dori on top of three subway lines. As of 30 September 2020, the three buildings have occupancy rates of 96%, 91%, and 70% respectively. This investment recorded a share of associate's profit of HK\$6.1 million during the period.

By Equity Instruments

The Group was part of an investment consortium that acquired the Cityplaza Three (half block) and Cityplaza Four in Tai Koo Shing, Hong Kong in 2019. The two adjacent buildings have a total GFA of 792,780 sq. ft. and the Group's investment constituted a 0.9% effective stake in the properties. The buildings enjoy full seaview from the Island East area of Hong Kong Island, and the new Central-Wan Chai Bypass link to the Eastern Corridor has substantially improved the connectivity of Island East district to Central CBD; hence the district currently enjoys the lowest vacancy rate among business districts in Hong Kong. As of 30 September 2020, the properties have an occupancy rate of 98%. This investment recorded a fair value decrease of HK\$6.8 million during the period.

The Group has investment in Ciro's Plaza (4.0%) through an equity instrument which is located in Shanghai, China. As of 30 September 2020, the property had occupancy rate of 79% and the investment recorded a fair value increase of HK\$5.7 million.

Hotel Investments (Hong Kong and Thailand)

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

The Group owns 30% in InterContinental Hong Kong and accounts for it as an associate company. The 503 rooms InterContinental Hong Kong is one of the leading 5 star hotels in the territory and world renowned for its commanding harbor view and Michelin star restaurants. Due to the effects of COVID-19, the consortium decided to close the hotel for renovations in April this year. After the renovations, the hotel is planned to be reopened as The Regent Hotel Hong Kong in 2022, re-establishing the original name of the hotel when it was first opened in 1980. As the hotel has been closed since 20 April 2020, it only had revenues of HK\$17.1 million during the six months interim period ended 30 September 2020 (2019: HK\$433.6 million). And due to closing costs, operating loss amounted to HK\$99.5 million (2019: operating profit of HK\$88.6 million). The share of results recorded a loss of HK\$47.1 million compared to HK\$100.1 million loss in 2019.

In Thailand, the Group's two hotels in Bangkok and Pattaya were similarly closed in April because of COVID-19. While they were both reopened in July, the hotels could only rely largely on domestic business due to the country's stringent quarantine measures for inbound travelers. For the six months ended 30 September 2020, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associate company) had revenues of Baht 33.4 million (HK\$8.1 million equivalent) (2019: Baht 263.0 million, HK\$66.5 million equivalent) and operating loss of Baht 33.1 million (HK\$8.0 million equivalent) (2019: profit of Baht 87.3 million, HK\$22.1 million equivalent), with an average occupancy of 4% (2019: 81%). During the same period, the Pullman Pattaya Hotel G (held by the Group through the same 49.5% owned associate that holds the Pullman Bangkok Hotel G) had revenues of Baht 47.9 million (HK\$11.6 million equivalent) (2019: Baht 166.9 million, HK\$42.2 million equivalent) and operating profit of Baht 3.3 million (HK\$0.8 million equivalent) (2019: Baht 51.7 million, HK\$13.1 million equivalent), with an average occupancy rate of 20% (2019: 77%). The share of results recorded a profit of HK\$4.1 million during the period in which the operating loss was offset by the foreign currency gain of Thai Baht.

PROSPECTS

As the US and Europe are hit by new waves of the COVID-19 pandemic, the world economy continues to be in a state of emergency. However, recent news about successful vaccine trials have brought optimism that we are starting to see light at the end of the tunnel.

In particular, our hotels business needs to see cross border travels back to normal in order to be healthy again. While our hotels in Thailand have been re-opened since July, business has continued to be weak due to stringent quarantine measures for travelers. In Hong Kong, the InterContinental Hong Kong has been closed to renovation since 20 April 2020 and it is expected that there will be additional capital contribution required to fund the works.

Fortunately, the Group's major investment properties have been resilient, maintaining high occupancy and stable rental rates. Overall, the Group's exposure to hotels represents only about 17% of total assets, while property investments about 77% of total assets.

In view of continued uncertainties in the market and the anticipated capital requirement for the renovation of the InterContinental Hong Kong, we believe it will be prudent for the Group to conserve cash and not pay an interim dividend. As the Group has maintained a resilient balance sheet, with strong liquidity position and low debt ratio (interest cover of 321% and total liabilities to total asset ratio of 23%), we are confident that the Group will be able to weather the current volatile market conditions and shall be in a position to take advantage of investment opportunities should a major price correction occur.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to enjoy a strong and healthy financial position. As at 30 September 2020, the Group had cash and bank balances amounting to HK\$396.7 million (31 March 2020: HK\$390.3 million) together with an undrawn standby banking facility of HK\$50.0 million.

As at 30 September 2020, the total bank borrowings of the Group were HK\$2,281.0 million (31 March 2020: HK\$2,281.0 million), including bank loans of Pioneer Place of HK\$600.0 million and Club Lusitano Building of HK\$263.5 million due on 23 June 2021 and 21 September 2021 to be refinanced respectively. The Group's total debts to total assets ratio was 21.6% (31 March 2020: 21.6%) and net debt to total assets ratio was 17.8% (31 March 2020: 17.9%).

There is no foreign currency risk to the Group's financial liabilities as they are all denominated in Hong Kong dollars. However, the Group has investments in associates operating in Thailand, China and Japan with carrying amounts of HK\$347.5 million, HK\$217.1 million and HK\$142.7 million equivalents respectively as at 30 September 2020 (31 March 2020: HK\$343.4 million, HK\$212.7 million and HK\$138.4 million equivalents respectively). The management will closely monitor the currency market and take any necessary measures to reduce the exposure.

Pledge of Assets

As at 30 September 2020, investment properties with a carrying value of HK\$7,504.6 million (31 March 2020: HK\$7,510.0 million) were pledged to secure bank loan facilities to the extent of HK\$2,281.0 million (31 March 2020: HK\$2,281.0 million) of which all facilities have been fully utilized.

Contingent Liabilities

As at 30 September 2020, the Group had guarantees HK\$1,879.8 million (31 March 2020: HK\$1,879.8 million) given to a bank in respect of banking facilities utilized by subsidiaries.

EMPLOYEES

As at 30 September 2020, the number of salaried staff at the holding company level was 18 (31 March 2020: 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 2020, the following Directors of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") adopted by the Company to be notified to the Company and the Stock Exchange.

Long Position in Shares of the Company

Name of director	Number of ordinary shares				
	Personal interests	Interests held by controlled corporation	Interests held by family trust	Total	%
Rossana Wang Gaw	100,000	25,542,731 ¹	215,768,260 ²	241,410,991	20.92
Kenneth Gaw	61,418,428	12,725,857 ³	41,305,864 ⁴	115,450,149	10.00
Christina Gaw	–	19,699,216 ⁵	–	19,699,216	1.71
Stephen Tan	–	4,136,754 ⁶	–	4,136,754	0.36

1 Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 25,542,731 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.

5 Ms. Christina Gaw owns the entire issued share capital of Eternity Rich Investments Limited, which was beneficially interested in 19,699,216 shares.

6 Mr. Stephen Tan and his spouse together own 0.59% issued share capital of Bangkok Mercantile (Hong Kong) Company Limited ("Bangkok Mercantile"), besides, Mr. Stephen Tan and his brother jointly own 0.52% of Bangkok Mercantile which was beneficially interested in 4,136,754 shares. Mr. Stephen Tan is the Chairman of Bangkok Mercantile and its directors are accustomed to act in accordance with the direction of Mr. Stephen Tan.

Long Position in Shares of Associated Corporations

Name of company	Name of director	Number of Ordinary shares held by controlled corporation	%
Pioneer Hospitality Siam (GBR) Limited	Rossana Wang Gaw	30,300,000*	50.5
Pioneer Hospitality Siam (GBR) Limited	Kenneth Gaw	30,300,000*	50.5
Keencity Properties Limited	Rossana Wang Gaw	5,019,205*	50.5
Keencity Properties Limited	Kenneth Gaw	5,019,205*	50.5

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

Save as disclosed above, as at 30 September 2020, 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 2020, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Name of shareholder	Number of ordinary shares	%
Asset-Plus Investments Ltd.	115,351,866	9.99
Forward Investments Inc.	283,200,215	24.54
Intercontinental Enterprises Corp.	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 2020, had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES

As at 30 September 2020, no outstanding options granted under the share option scheme. During the six months period ended 30 September 2020, 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 does not recommend the payment of any interim dividend for the six months ended 30 September 2020 (2019: HK1.50 cents per ordinary share).

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 2020.

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

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

CHANGE IN INFORMATION OF DIRECTOR

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

Name of director	Details of change
Christina Gaw	Appointed as an independent non-executive director and members of the Finance & General Committee and the Sustainability Committee of CLP Holdings Limited, whose shares are listed on the main board of the Stock Exchange, with effect from 20 October 2020.

CORPORATE GOVERNANCE

During the six months ended 30 September 2020, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. The Company having made specific enquiry of all Directors, confirmed that all Directors have complied with the required standard set out in the Model Code throughout the period ended 30 September 2020.

By Order of the Board

Kenneth Gaw

Managing Director

Hong Kong, 26 November 2020