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Pioneer
PIONEER GLOBAL GROUP LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 00224)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

The Board of Directors of Pioneer Global Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2021, together with the comparative figures for the corresponding period in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the year ended	
		31 March	
		2021	2020
		HK\$'000	HK\$'000
Revenue of Group and associates			
Company and subsidiaries		274,383	295,756
Share of associates (<i>Note</i>)		38,760	319,850
		<u>313,143</u>	<u>615,606</u>
Revenue of Company and subsidiaries	<i>3, 4</i>	274,383	295,756
Properties operating expenses		(39,137)	(43,375)
Staff costs		(20,908)	(23,828)
Depreciation		(773)	(815)
Other expenses		(4,969)	(4,475)
		<u>(65,787)</u>	<u>(72,493)</u>

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

		For the year ended	
		31 March	
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
Operating profit	3	208,596	223,263
Share of results of associates		31,303	(149,624)
Change in fair value of investment properties		204,787	50,901
Change in fair value of investments in equity instruments at fair value through profit or loss (“FVTPL”)		(968)	41,315
Other gains and losses		64	663
Finance costs	5	<u>(66,856)</u>	<u>(67,944)</u>
Profit before taxation	6	376,926	98,574
Taxation			
Current	7	(16,443)	(16,599)
Deferred	7	<u>(5,572)</u>	<u>(6,853)</u>
Profit for the year		<u>354,911</u>	<u>75,122</u>
Profit attributable to:			
Shareholders of the Company		292,529	38,454
Non-controlling interests		<u>62,382</u>	<u>36,668</u>
		<u>354,911</u>	<u>75,122</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9	<u>25.35</u>	<u>3.33</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 March	
	2021 HK\$'000	2020 HK\$'000
Profit for the year	<u>354,911</u>	<u>75,122</u>
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")	34,892	(39,802)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments in debt instruments at FVTOCI	403	(651)
Exchange difference on translation of associates	<u>32,615</u>	<u>(16,637)</u>
Other comprehensive income/(expense) for the year, net of tax	<u>67,910</u>	<u>(57,090)</u>
Total comprehensive income for the year	<u><u>422,821</u></u>	<u><u>18,032</u></u>
Total comprehensive income attributable to:		
Shareholders of the Company	351,139	(14,529)
Non-controlling interests	<u>71,682</u>	<u>32,561</u>
	<u><u>422,821</u></u>	<u><u>18,032</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March 2021 HK\$'000	At 31 March 2020 HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Investment properties		7,789,800	7,584,000
Interests in associates		2,510,172	2,146,408
Debt instruments at FVTOCI		2,050	1,647
Equity instruments designated at FVTOCI		265,677	232,286
Equity instruments at FVTPL		173,513	174,497
Property, plant & equipment		3,783	3,262
Other assets		300	300
		<u>10,745,295</u>	<u>10,142,400</u>
Current assets			
Debtors, advances & prepayments	10	23,716	24,227
Tax recoverable		581	495
Cash & bank balances		186,826	390,267
		<u>211,123</u>	<u>414,989</u>
Total assets		<u>10,956,418</u>	<u>10,557,389</u>
EQUITY			
Share capital		115,404	115,404
Reserves		7,263,537	6,912,398
Shareholders' funds		7,378,941	7,027,802
Non-controlling interests		1,126,975	1,075,293
Total equity		<u>8,505,916</u>	<u>8,103,095</u>

		At 31 March 2021 HK\$'000	At 31 March 2020 HK\$'000
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Creditors & other payables	<i>11</i>	44,989	51,896
Secured bank loans		–	1,417,500
Lease liabilities		938	65
Deferred taxation		76,235	70,663
		<u>122,162</u>	<u>1,540,124</u>
Current liabilities			
Creditors & other payables	<i>11</i>	45,703	45,027
Secured bank loans		2,281,000	863,500
Lease liabilities		400	600
Tax liabilities		1,237	5,043
		<u>2,328,340</u>	<u>914,170</u>
Total liabilities		<u>2,450,502</u>	<u>2,454,294</u>
Total equity and liabilities		<u>10,956,418</u>	<u>10,557,389</u>

Notes:

1. BASIS OF PREPARATION

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

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

The accounting policies and methods of computation used by the Group in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2020, except for the changes as set out below.

During the current year, 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:

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

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁶

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

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

⁴ Effective for annual periods beginning on or after 1 June 2020

⁵ Effective for annual periods beginning on or after 1 January 2021

⁶ Effective for annual periods beginning on or after 1 April 2021

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

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

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

Segment Result

For the year ended 31 March 2021 (31 March 2020)

	Properties and hotels		Investments and others		Consolidated	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Segment revenue						
Company and subsidiaries	<u>263,644</u>	<u>278,502</u>	<u>10,739</u>	<u>17,254</u>	<u>274,383</u>	<u>295,756</u>
Segment result	198,946	207,482	9,784	16,106	208,730	223,588
Unallocated corporate expenses					<u>(134)</u>	<u>(325)</u>
Operating profit					208,596	223,263
Share of results of associates	31,303	(149,624)	–	–	31,303	(149,624)
Change in fair value of investment properties	204,787	50,901	–	–	204,787	50,901
Change in fair value of investments in equity instruments at FVTPL	(968)	41,315	–	–	(968)	41,315
Other gains and losses	–	–	64	663	64	663
Finance costs					<u>(66,856)</u>	<u>(67,944)</u>
Profit before taxation					<u>376,926</u>	<u>98,574</u>

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.

Segment Assets and Liabilities

As at 31 March 2021 (31 March 2020)

	Properties and hotels		Investments and others		Consolidated	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Segment assets	8,176,750	7,951,082	269,496	459,899	8,446,246	8,410,981
Interests in associates	2,510,172	2,146,408	–	–	2,510,172	2,146,408
Consolidated total assets					<u>10,956,418</u>	<u>10,557,389</u>
Segment liabilities	(2,446,462)	(2,452,026)	(2,257)	(1,582)	(2,448,719)	(2,453,608)
Unallocated corporate liabilities					<u>(1,783)</u>	<u>(686)</u>
Consolidated total liabilities					<u>(2,450,502)</u>	<u>(2,454,294)</u>

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

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

Geographical Segments

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

For the year ended 31 March 2021 (31 March 2020)

	Segment revenue	
	2021 HK\$'000	2020 HK\$'000
Hong Kong	270,738	290,498
Overseas	3,645	5,258
	<u>274,383</u>	<u>295,756</u>

As at 31 March 2021 (31 March 2020)

	Segment assets	
	2021 HK\$'000	2020 HK\$'000
Hong Kong	8,174,595	8,134,653
Overseas	271,651	276,328
	<u>8,446,246</u>	<u>8,410,981</u>

4. REVENUE

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

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Property expenses recovery from tenants	40,723	43,379
Revenue from other sources		
Rental income from property leasing	220,678	235,123
Dividend income		
– equity instruments designated at FVTOCI	7,327	9,034
Interest income		
– financial assets at amortized cost	2,487	7,039
– debt instruments at FVTOCI	61	1,181
Others	3,107	–
	<u>274,383</u>	<u>295,756</u>

5. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest on bank loans	66,269	66,314
Interest on lease liabilities	41	30
Other finance costs	546	1,600
	<u>66,856</u>	<u>67,944</u>

6. PROFIT BEFORE TAXATION

	2021 HK\$'000	2020 HK\$'000
Profit before taxation has been arrived at after charging:		
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	17,530	20,457
Short-term lease payment for directors' quarters	3,120	3,120
Pension scheme contributions	258	251
Auditor's remuneration	600	600
Depreciation	773	815
Net exchange loss	–	18
and after crediting:		
Rental income from property leasing	220,678	235,123
Add: other income	2,675	2,061
Listed investment income	4,587	6,989
Unlisted investment income	2,740	2,045
Interest income	2,548	8,220
Net exchange gain	71	–

7. TAXATION

	Current taxation HK\$'000	2021 Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	2020 Deferred taxation HK\$'000	Total HK\$'000
Provision/(credit) for the year						
Hong Kong	16,529	4,897	21,426	16,599	7,103	23,702
Overseas	–	675	675	–	(250)	(250)
Over-provision in prior years	(86)	–	(86)	–	–	–
	<u>16,443</u>	<u>5,572</u>	<u>22,015</u>	<u>16,599</u>	<u>6,853</u>	<u>23,452</u>

Hong Kong profits tax for both years is calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

8. DIVIDENDS

	2021 HK\$'000	2020 HK\$'000
Interim dividend – Nil (2020: HK1.5 cents per ordinary share)	–	17,311
Final dividend proposed – Nil (2020: Nil)	–	–
	<u>–</u>	<u>17,311</u>
The dividends which have been paid during the year by cash are as follows:		
Interim for the year ended 31 March 2021 (2020)	–	17,311
Final for the year ended 31 March 2020 (2019)	–	35,775
	<u>–</u>	<u>53,086</u>

The Board of Directors does not recommend payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

9. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to ordinary shareholders of the Company amounting to HK\$292,529,000 (2020: HK\$38,454,000) and on 1,154,038,656 shares (2020: 1,154,038,656 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2021 and 31 March 2020 as the Company had no dilutive potential ordinary shares during both years.

10. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2021 HK\$'000	2020 HK\$'000
Deferred rental receivables	11,143	9,502
Other deposits and prepayments	8,055	8,177
Debtors	<u>4,518</u>	<u>6,548</u>
	<u>23,716</u>	<u>24,227</u>

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 debtors based on the date of invoices and which are past due but not impaired was as follows:

	2021 HK\$'000	2020 HK\$'000
0 – 30 days	4,012	5,633
31 – 60 days	431	388
61 – 90 days	4	286
> 90 days	<u>71</u>	<u>241</u>
	<u>4,518</u>	<u>6,548</u>

11. CREDITORS & OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Creditors & other payables (due within one year)		
Rental deposits received	25,194	22,357
Accruals	13,088	13,291
Creditors	<u>7,421</u>	<u>9,379</u>
	45,703	45,027
Creditors & other payables (due more than one year)		
Rental deposits received	<u>44,989</u>	<u>51,896</u>
	<u>90,692</u>	<u>96,923</u>

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

	2021 HK\$'000	2020 HK\$'000
0 – 30 days	5,357	7,064
31 – 60 days	748	938
61 – 90 days	451	809
> 90 days	<u>865</u>	<u>568</u>
	<u>7,421</u>	<u>9,379</u>

BUSINESS REVIEW

Since March 2020, the COVID-19 pandemic had gravely affected the lives of almost everyone on the planet. Travel, work, school have either been entirely shut or severely restricted. In response, governments around the world provided unprecedented and synchronized monetary stimulus which has successfully cushioned the economic pain in the short term. With extremely low interest rates, ample liquidity, and retail investors armed with stimulus money, major stock markets have largely recovered after falling sharply during the early weeks of the pandemic. Values of leading technology companies, seen as beneficiaries in the “work from home” environment, soared to all time highs.

Although China was the first country to be affected by the COVID-19 pandemic, it has effectively controlled the pandemic by the second quarter of 2020 and GDP growth has resumed by the second half of last year. With tight quarantine controls, the regular hordes of outbound travelers remained inside China, driving up domestic tourism, consumption, and real estate sales within the country. As the first major economy to see resumed economic growth, China has also started monetary tightening and re-introduced restrictions on its property markets. While this has led to distress in some financial institutions and property developers, and resulted in previously unseen level of bond defaults, these can also be viewed as positive developments as China introduced more discipline into its financial system.

In Hong Kong, the passing of the National Security Law in June 2020 has successfully brought stability back to the city after a tumultuous 2019 when anti-government street protests were rampant. However, as the Hong Kong government implemented one of the most stringent COVID-19 quarantine regimes in the world, business travelers and tourists stayed away. As a result, hotels and tourism related retail trades have continued to suffer. The office sector has also seen dampened demand due to work from home trends. On the other hand, the Hong Kong stock exchange enjoyed a barrage of IPOs on the back of the high growth tech sector in China, and as US-listed Chinese firms came to the city for secondary listings amidst uncertainties created by US-China geopolitical tensions. And with record low interest rate and robust end-user demand, mass market residential sales have been strong in Hong Kong, an encouraging sign that market confidence remains despite the COVID-19 pandemic and an absence of mainland buyers.

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 2020. While the ban has since been partially lifted in July last year, strict quarantine measures remained in place. As a result, tourist arrivals slumped to 6.7 million in 2020 from 39.8 million a year earlier, which has been devastating for the country’s tourism industry.

For the twelve months ended 31 March 2021, total revenues for the Group including share of associates was HK\$313.1 million, compared to HK\$615.6 million in 2020. The substantial drop in revenues, mainly from share of associates, resulted from the closure of the InterContinental Hong Kong since 20 April 2020 and the closure of the Group's hotels in Thailand during second quarter of 2020 due to COVID-19. Share of revenues from associates dropped from HK\$319.9 million in the prior fiscal year (ended 31 March 2020) to HK\$38.8 million in the year ended 31 March 2021. On the other hand, the Group's directly held investment properties have been relatively resilient with an operating profit for the period of HK\$208.6 million (from HK\$223.3 million in the prior year). Share of results of associates recovered to a gain of HK\$31.3 million, from a loss of HK\$149.6 million in the prior year. With the substantially lower interest rate environment since Q2 2020, market valuations of assets stabilized after the double hit of the 2019 anti-government protests and COVID-19 pandemic. Change in fair value of investment properties saw a gain of HK\$204.8 million this year, compared to HK\$50.9 million for the year ended 31 March 2020. For the year ended 31 March 2021, the Group's net profit was HK\$354.9 million (2020: HK\$75.1 million), of which net profit attributable to shareholders was HK\$292.5 million (2020: HK\$38.4 million).

Property Investments (Hong Kong and Asia)

By Subsidiaries

At the end of March 2021, the Group's investment property Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong continues to enjoy an occupancy rate of 100%. For the fiscal year, Pioneer Place contributed rental and related revenues of HK\$66.0 million (2020: HK\$65.5 million) and fair value increase of HK\$40.0 million.

As at 31 March 2021, the Group's 60% owned 68 Yee Wo Street Building (229,200 sq. ft.) in Causeway Bay, Hong Kong has an occupancy rate of 84%. This lower than expected occupancy rate is 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 twelve months ended 31 March 2021, the property contributed rental and related revenues of HK\$119.6 million (2020: HK\$136.0 million) and fair value increase of HK\$100.0 million.

The Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong has an occupancy rate of 92%, compared to an occupancy rate of 96% in the prior reporting period. For the year ended 31 March 2021, the property contributed HK\$60.4 million (2020: HK\$64.4 million) in rental and related revenues and a fair value increase of HK\$49.0 million.

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 now reached 100%, as the remaining vacant spaces of the property at LG/F and G/F levels have been leased throughout this past year. For the twelve months ended 31 March 2021, the property contributed HK\$15.5 million (2020: HK\$10.7 million) in rental and related revenues and a fair value increase of HK\$10.1 million.

By Associates

The Group has an investment in Shanghai K. Wah Centre (7.7%), China through an associate. As of 31 March 2021, the property has an occupancy rate of 98% and the share of associate's results recorded a profit of HK\$8.9 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 31 March 2021, the three buildings have occupancy rates of 93%, 91%, and 90% respectively. This investment recorded a share of associate's profit of HK\$2.3 million during the reporting 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 31 March 2021, the properties have an occupancy rate of 85%. This investment recorded a fair value decrease of HK\$12.4 million during the period.

The Group has an investment in Ciro's Plaza (4.0%) in Shanghai, China through an equity instrument. As of 31 March 2021, the property had an occupancy rate of 84% and the investment recorded a fair value increase of HK\$11.4 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. Due to the effects of COVID-19, the consortium decided to close the hotel for renovations in April 2020. 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. In order to fund the hotel's renovation costs and working capital, a capital injection of HK\$1,046.3 million was made by the investment consortium, of which the Group funded its share of HK\$315.3 million. As most the hotel (except for the Yan Toh Heen Restaurant) has been closed since 20 April 2020, it only had revenues of HK\$26.7 million during the twelve months ended 31 March 2021 (2020: HK\$719.6 million). Due to closing costs relating mainly to staff severance payments, operating loss amounted to HK\$87.8 million (2020: operating profit of HK\$132.0 million). However, the hotel recorded a fair value increase of HK\$300.0 million as at 31 March 2021. The share of results of the associate recorded a net gain of HK\$36.7 million (compared to HK\$185.5 million loss in 2020).

In Thailand, the Group's two hotels in Bangkok and Pattaya were similarly closed in April 2020 because of COVID-19. While they were both reopened in July 2020, the hotels could only rely largely on domestic business and limited quarantine travelers due to the country's stringent quarantine measures for inbound travelers. For the twelve months ended 31 March 2021, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associate company) had revenues of Baht 121.2 million (HK\$29.9 million equivalent) (2020: Baht 512.1 million, HK\$127.5 million equivalent) and operating loss of Baht 36.2 million (HK\$8.9 million equivalent) (2020: profit of Baht 185.3 million, HK\$46.1 million equivalent), with an average occupancy of 12% (2020: 75%). 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 130.7 million (HK\$32.2 million equivalent) (2020: Baht 331.9 million, HK\$82.6 million equivalent) and operating profit of Baht 16.7 million (HK\$4.1 million equivalent) (2020: Baht 111.1 million, HK\$27.7 million equivalent), with an average occupancy rate of 28% (2020: 74%). The share of results of the associate recorded a loss of HK\$4.8 million during the period.

PROSPECTS

While the US and Europe have endured a much worse pandemic compared to Asia in terms of number of cases and deaths, they have also vaccinated at a much more rapid pace and may therefore experience a quicker reversion to normal. As this report is being written, large parts of the US are returning to pre-COVID-19 social norms, and many European countries have reopened or are preparing to reopen for the summer tourist season. It is striking to see this happening when COVID-19 cases in these countries are still very high compared to Asia. These countries seem to have taken the view that COVID-19 is here to stay and is trusting that the science of vaccines will be able to control COVID-19, albeit that there will still be infections.

Contrast this with China and Hong Kong where governments have taken a “zero tolerance” approach, with stringent quarantine policies. To its credit, China has been able to enjoy the fruits of its success in controlling the pandemic, as evidenced by its strong recovery in domestic tourism and consumption. China has shown that countries with large domestic economies can have a sustainable recovery even if it is not yet open to the rest of the world. However, for an external oriented economy like Hong Kong, large swath of the economy will continue to be in the doldrums if we do not reconnect with the rest of the world. Likewise, Thailand’s all-important tourism industry will continue to struggle if the country doesn’t reopen its borders.

While the Group’s hotel business will continue to be challenging until international travels resume in a normal way, we believe that once the world reopens, pent-up demand will drive a strong recovery in this sector. We are also fortunate that 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 19% of total assets, while property investments about 76% of total assets.

At present, the world remains a dynamic place. Whereas it appears that the unprecedented monetary response by global central banks has averted a catastrophic economic collapse, it remains to be seen whether the current situation is sustainable.... Will the quantitative easing bring back inflation? How will the widening wealth gap be handled? And while vaccines seem to be effective against the original virus, it remains to be seen how effective it will be against variants.

In view of all these uncertainties, we shall remain prudent and conserve capital. As the Group has maintained a resilient balance sheet, with strong liquidity position and low debt ratio (interest cover of 312% and total liabilities to total asset ratio of 22%), we are confident that the Group will be able to weather the current market conditions and shall be in a position to take advantage of investment opportunities.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to enjoy a healthy financial position. As at 31 March 2021, the Group's had cash and bank balances amounting to HK\$186.8 million (31 March 2020: HK\$390.3 million) together with an undrawn standby banking facility of HK\$50.0 million (31 March 2020: HK\$50.0 million).

As at 31 March 2021, the total bank borrowings of the Group were HK\$2,281.0 million (31 March 2020: HK\$2,281.0 million). The bank loan of Pioneer Place of HK\$600.0 million was re-financed with a 3-year tenor in mid-June 2021 and the bank loan of Club Lusitano Building of HK\$263.5 million is undergoing re-financing. The Group's total debts to total assets ratio was 20.8% (31 March 2020: 21.6%) and net debt to total assets ratio was 19.1% (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\$354.3 million, HK\$228.6 million and HK\$135.1 million equivalents respectively as at 31 March 2021 (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

At the year-end date, investment properties with a carrying value of HK\$7,710.1 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 31 March 2021, the Group had guarantees of HK\$1,879.8 million (31 March 2020: HK\$1,879.8 million) given to bank in respect of banking facilities utilized by subsidiaries.

EMPLOYEES

As at 31 March 2021, 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.

FINAL DIVIDEND

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2021 (2020: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING (“AGM”)

The AGM of the Company is scheduled to be held on Monday, 23 August 2021. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 18 August 2021 to 23 August 2021, both days inclusive, during which period no transfer of shares will be effected.

In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 August 2021.

CORPORATE GOVERNANCE

During the year ended 31 March 2021, the Company has applied the principles of and complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

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

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

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management and external auditor the accounting principles and practices adopted by the Group, the risk management and internal control system, the internal audit function and the consolidated financial statements of the Group for the year ended 31 March 2021. The Committee is satisfied with the review and has no disagreement regarding the financial results for the year ended 31 March 2021. The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2021 have also been agreed with the Company’s external auditor to the amounts set out in the Group’s consolidated financial statements for the financial year.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 23 June 2021

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