



# Pioneer PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 00224)

## RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2007

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 2007, together with the comparative figures for the corresponding period in 2006 as follows:

### CONSOLIDATED INCOME STATEMENT

	Notes	For the year ended 31 March	
		2007 (Audited) HK\$'000	2006 (Audited) HK\$'000
Turnover			
Company and subsidiaries		96,112	45,853
Share of listed associate		–	63,656
Share of unlisted associates		36,210	32,641
		<u>132,322</u>	<u>142,150</u>
Turnover of Company and subsidiaries	3	96,112	45,853
Properties operating expenses		(11,498)	(11,180)
Staff costs		(9,486)	(12,308)
Depreciation & amortisation		(3,365)	(1,933)
Other expenses		(3,645)	(5,553)
		<u>(27,994)</u>	<u>(30,974)</u>
Operating profit		68,118	14,879
Share of profits of associates			
– listed		–	1,330
– unlisted		92,464	69,570
Change in fair value of investment properties		28,350	62,318
Other gains and losses		15,205	3,519
Finance costs		(8,406)	(8,774)
		<u>195,731</u>	<u>142,842</u>
Profit before taxation			
Taxation			
– current	4	(1,143)	(1,419)
– deferred	4	(4,424)	(11,505)
		<u>190,164</u>	<u>129,918</u>
Profit for the year			
Attributable to:			
Minority interests		703	399
Shareholders of the Company		189,461	129,519
		<u>190,164</u>	<u>129,918</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	6	<u>24.63</u>	<u>16.83</u>

## CONSOLIDATED BALANCE SHEET

	At 31 March 2007 (Audited) HK\$'000	At 31 March 2006 (Audited) HK\$'000
<b>ASSETS</b>		
Non-current assets		
Investment properties	489,600	393,300
Associates – unlisted	481,815	356,273
Investments – available for sale investments	358,853	274,777
Property, plant and equipment	22,509	23,612
Leasehold land	11,121	11,358
Other assets	1,447	1,458
	<u>1,365,345</u>	<u>1,060,778</u>
Current assets		
Debtors, advances & prepayments	8,312	68,594
Investments – financial assets at fair value	5,392	20,426
Cash and bank balances	15,568	25,559
	<u>29,272</u>	<u>114,579</u>
<b>Total assets</b>	<b><u>1,394,617</u></b>	<b><u>1,175,357</u></b>
<b>EQUITY</b>		
Share capital	76,935	76,935
Reserves	1,087,513	838,119
	<u>1,164,448</u>	<u>915,054</u>
Shareholders' funds	1,164,448	915,054
Minority interests	15,332	16,409
	<u>1,179,780</u>	<u>931,463</u>
<b>Total equity</b>	<b><u>1,179,780</u></b>	<b><u>931,463</u></b>
<b>LIABILITIES</b>		
Non-current liabilities		
Secured bank loans	39,100	100,200
Deferred tax liabilities	52,502	42,427
	<u>91,602</u>	<u>142,627</u>
Current liabilities		
Creditors & accruals	13,257	12,315
Secured bank loans	109,356	87,921
Tax liabilities	622	1,031
	<u>123,235</u>	<u>101,267</u>
<b>Total liabilities</b>	<b><u>214,837</u></b>	<b><u>243,894</u></b>
<b>Total equity and liabilities</b>	<b><u>1,394,617</u></b>	<b><u>1,175,357</u></b>

Notes:

### 1. Basis of preparation

The audited consolidated financial statements are prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

### 2. Application of Hong Kong Financial Reporting Standards and changes in accounting policies

In the current year, the Group has applied the new and revised HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as “new HKFRSs”) that are effective for the accounting period beginning on or after 1 January 2006. However, the adoption of these new HKFRSs does not have any significant effect on the accounting policies or results and financial position of the Group.

### 3. Segment information

*Business segment*

	Properties and hotels		Investments and others		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
<b>Segment turnover</b>						
Company and subsidiaries	<b>33,557</b>	36,744	<b>62,555</b>	9,109	<b>96,112</b>	45,853
<b>Segment result</b>	<b>7,224</b>	7,438	<b>61,147</b>	7,961	<b>68,371</b>	15,399
Unallocated corporate expenses					(253)	(520)
Operating profit					<b>68,118</b>	14,879
Share of profits of associates						
– listed	–	–	–	1,330	–	1,330
– unlisted	<b>92,464</b>	69,570	–	–	<b>92,464</b>	69,570
Change in fair value						
of investment properties	<b>28,350</b>	62,318	–	–	<b>28,350</b>	62,318
Other gains and (losses)	<b>10,279</b>	(6,857)	<b>4,926</b>	10,376	<b>15,205</b>	3,519
Finance costs					<b>(8,406)</b>	(8,774)
Taxation					<b>(5,567)</b>	(12,924)
Minority interests					<b>(703)</b>	(399)
Profit attributable to shareholders					<b>189,461</b>	129,519

#### 4. Taxation

	<b>Current taxation HK\$'000</b>	<b>2007 Deferred taxation HK\$'000</b>	<b>Total HK\$'000</b>	<b>Current taxation HK\$'000</b>	<b>2006 Deferred taxation HK\$'000</b>	<b>Total HK\$'000</b>
Hong Kong						
– provision for the year	210	4,424	4,634	378	11,505	11,883
– over provision in prior year	(421)	–	(421)	(506)	–	(506)
Overseas						
– provision for the year	14	–	14	78	–	78
– under provision in prior year	1,340	–	1,340	1,469	–	1,469
	<u>1,143</u>	<u>4,424</u>	<u>5,567</u>	<u>1,419</u>	<u>11,505</u>	<u>12,924</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated Hong Kong source assessable profits for the year. Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

#### 5. Final dividend

	<b>2007 HK\$'000</b>	<b>2006 HK\$'000</b>
Interim dividend of HK0.50 cent (2006: HK0.50 cent) per ordinary share	3,847	3,847
Proposed final dividend of HK1.50 cents (2006: HK1.20 cents) per ordinary share	<u>11,540</u>	<u>9,232</u>
	<u>15,387</u>	<u>13,079</u>

The 2007 final cash dividend of HK1.50 cents (2006: HK1.20 cents) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

#### 6. Earnings per share

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$189,461,000 (2006: HK\$129,519,000) and on 769,359,104 shares (2006: 769,359,104 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2007 and 2006 as the Company had no dilutive potential ordinary shares during both years.

## **BUSINESS REVIEW**

Total turnover for the Group (including share of associates) for the year ended 31 March 2007 was HK\$132.3 million, compared to HK\$142.1 million in 2006. The 6.9% decrease was due mainly to the disposal of the Group's interest in Siam Food Products Company Limited ("Siam Food") at the end of the previous fiscal year and as a result we will no longer include turnover from Siam Food as an associated company. But the loss of turnover from Siam Food is partially made up by the HK\$51.4 million special dividend contribution from the Group's interest in Asia Financial Holdings Ltd. ("AFH").

For the 12 months period ended 31 March 2007, net profit for the Group was HK\$190.2 million, a 46.4% gain from the same period in 2006. The large increase in profit was due mainly to the above mentioned special dividend contribution from AFH, continued increase in fair value of investment properties, as well as strong performance of the Group's businesses such as the Aisawan Resort & Spa.

### **Property Investments**

The Pioneer Building at Kwun Tong, Kowloon contributed rental revenues of HK\$18.6 million (2006: HK\$19.3 million) while continuing to enjoy a high occupancy rate of 94% as at the end of the period. In addition, the property contributed HK\$26.0 million in fair value increase from revaluation (2006: HK\$54.0 million).

In May 2006, the Group purchased a company which owns strata units of total GFA 29,540 sq.ft. in Morrison Plaza in Wanchai, Hong Kong. Subsequently, the Group disposed of 2 vacant units of GFA 8,560 sq.ft. and 2 carparks for HK\$33.8 million. The acquisition together with the disposal recorded a gain of HK\$10.6 million (including negative goodwill). Since the Group took over the property, the average rental rate of the units has increased by 79% to HK\$14.3 per sq.ft.

The Group owns a total of 63,840 sq.ft. in Maximall, City Garden, North Point. Revenues from this asset were HK\$5.8 million for the period.

The Group has a joint venture with Morgan Stanley Real Estate Funds and PamFleet Investments Limited which owns the 217,625 sq.ft. 68 Yee Woo Street in Causeway Bay and the 640,000 sq.ft. KCP in Kowloon City. The renovation of KCP was completed in November 2006 and both properties are being leased satisfactorily.

As reported previously, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and Wachovia Development Corporation to acquire a 22-storey, 437,000 sq.ft. commercial building in Macau. The renovation program for the building was completed as planned in the second quarter of 2006 and the building has been renamed AIA Tower Macau, with U.S. insurance company AIA as the anchor tenant. For the period, this project contributed HK\$16.6 million to the Group as an associated company mainly due to increase in property valuation to HK\$956 million, about 59% increase compared to its acquisition cost.

As an associated company, the Shanghai K. Wah Centre contributed HK\$60.9 million in profits to the Group, out of which HK\$72.0 million was from fair value increase in property value. The property has also performed well by achieving full occupancy.

The Group is a strategic partner in Gateway China Fund I (the “Fund”), a US\$198.9 million real estate fund focused on China, Hong Kong and Macau. Separately through a 50% owned associated company, the Group has also committed US\$5.0 million of capital to the Fund, which represents approximately 2.5% of the Fund’s capital. As at the reporting period, the Fund has committed approximately 84% of its capital.

During the reporting period, the Group has acquired 8.8% of Japan Opportunities Fund Limited (“JOF”) for US\$2.6 million. JOF was established in 2002 to invest in a portfolio of residential buildings in regional cities in Japan. On 31 December 2006, the portfolio consisted of 23 rental properties in Sapporo and Fukuoka with a total valuation of Japanese Yen 7.6 billion conducted by independent appraisers.

### **Investments in Hotel Industry**

For the year ended 31 December 2006, the Aisawan Resort & Spa in Pattaya, Thailand had revenues of Baht 300.9 million, compared to Baht 251.8 million in 2005. Gross operating profits for the same period was Baht 164.9 million (2005: Baht 128.6 million). The strong growth was achieved despite the closure of the entire garden villa wing (consisting of about 25% of total rooms) to major refurbishment and construction of three new swimming pools during the months of May to September in 2006. The renovated garden villa wing was reopened under the name “Pool Lanai” by the end of October 2006. During the strong high season, January to March 2007, when the resort was in full operation, the revenue grew by 26% and the gross operating profits showed an increase of 36% year on year to Baht 94.2 million. Through an associated company, Aisawan Resort & Spa contributed HK\$13.9 million to the Group during the period (2006: HK\$10.9 million).

The Group’s associated company Pioneer iNetwork Limited owns 10.3% of Dusit Thani Public Company Limited (“Dusit Thani”), the leading owner and operator of hotels in Thailand. During the 12 months ended 31 December 2006, Dusit Thani had revenues of Baht 3.22 billion (2005: Baht 2.83 billion) and net income of Baht 221.2 million (2005: Baht 245.1 million). The increase in revenues was due mainly to positive business growth and the completion of renovation programs at most of the company’s hotels (with the exception of the Manila property) while the decrease in net income was attributed to higher loan interest and income tax for the year 2006.

### **Other Investments**

In October 2006, the Group received from AFH a special dividend of HK\$51.4 million through its 4.1% shareholding in the company. The special dividend was a result of the sale by AFH of its wholly owned subsidiary Asia Commercial Bank in May 2006.

## **PROSPECTS**

The performance of the Aisawan Resort & Spa in the first quarter of 2007 has been strong, with revenue rising 26% year on year and gross operating profits rising 36%. However, the development of the Northpoint condominium project immediately adjacent to the resort commenced in April 2007, which unfortunately will result in significant disturbance to resort guests. In addition, the strength of the Thai Baht (16.7% gain against US dollar during the period) and the instability of Thailand's political situation following the military led coup in September 2006 have led to a slow down in resorts business in Thailand since the end of the tourism high season in March. As such, we believe that the pace of growth for the resort will be slower for the remainder of the year. On the other hand, we continue to be optimistic about the hospitality business in Thailand and believe that these negative macro factors may provide good investment opportunities in the sector.

In the coming year, the Group continues to pursue attractive investment opportunities in the property and hotel sectors in the region.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As of 31 March 2007, the Group continued to enjoy a strong financial position, maintaining substantial unutilized bank facilities. At the balance sheet date, the Group's total debt to shareholders' fund ratio was 12.7% (31 March 2006: 20.6%) and the net debt (net of cash and cash equivalents) to shareholders fund ratio was 11.4% (31 March 2006: 17.8%).

## **EMPLOYEES**

As at 31 March 2007, the number of salaried staff at the holding company level was 19 (2006: 18). The Group ensures that its employees' remuneration packages are competitive. Employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus system.

## **FINAL DIVIDEND**

The Directors recommend the payment of a final dividend of HK1.50 cents (2006: HK1.20 cents) per share for the year ended 31 March 2007, payable on 9 October 2007 to all persons registered as shareholders on 7 September 2007.

## **CLOSURE OF REGISTER OF MEMBERS**

The transfer books and register of members of the Company will be closed from 4 September 2007 to 7 September 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 September 2007.

## **CORPORATE GOVERNANCE**

During the year ended 31 March 2007, 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 the following deviation:

Non-executive directors were not appointed for a specific term (CG Code A.4.1) during the period between 1 April 2006 and 12 December 2006. To comply fully with the CG Code, starting from 13 December 2006, each of the independent non-executive directors of the Company is appointed for a specific term and is subject to retirement by rotation and re-election at the annual general meeting of the Company (“AGM”) in accordance with the provisions of the Bye-laws of the Company.

## **ANNUAL GENERAL MEETING**

It is proposed that the AGM will be held on 7 September 2007. The Notice of AGM will be published and despatched to shareholders in due course.

## **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 the financial statements for the year ended 31 March 2007, including the accounting principles and practices adopted by the Group and discussed the internal control of the Company.

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

Hong Kong, 11 July 2007

*As at the date of this announcement, the executive directors of the Company are Mrs. Rossana Wang Gaw, Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Jane Kwai Ying Tsui 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.*