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Pioneer

PIONEER GLOBAL GROUP LIMITED

建生國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

**INTERIM RESULTS FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2022**

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 2022, together with the comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended	
		30 September	
		2022	2021
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	4	<u>118,089</u>	<u>135,234</u>
Properties operating expenses		(25,749)	(22,323)
Staff costs		(7,851)	(8,128)
Depreciation		(414)	(457)
Other expenses		<u>(2,828)</u>	<u>(2,345)</u>
		<u>(36,842)</u>	<u>(33,253)</u>

		For the six months ended	
		30 September	
		2022	2021
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Operating profit	3	81,247	101,981
Share of results of associates		(35,320)	(21,094)
Change in fair value of investment properties		16,378	139,929
Change in fair value of investments in equity instruments at fair value through profit or loss (“FVTPL”)		(21,097)	2,265
Other gains and losses		207	(264)
Finance costs		(21,942)	(24,547)
		<hr/>	<hr/>
Profit before taxation	5	19,473	198,270
Taxation			
Current	6	(5,772)	(8,861)
Deferred	6	(1,883)	(2,984)
		<hr/>	<hr/>
Profit for the period		11,818	186,425
		<hr/> <hr/>	<hr/> <hr/>
Profit attributable to:			
Shareholders of the Company		2,821	146,916
Non-controlling interests		8,997	39,509
		<hr/>	<hr/>
		11,818	186,425
		<hr/> <hr/>	<hr/> <hr/>
Interim dividend	7	–	11,540
		<hr/> <hr/>	<hr/> <hr/>
		HK cents	HK cents
Earnings per share	8	0.24	12.73
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	<u>11,818</u>	<u>186,425</u>
Other comprehensive 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”)	(32,144)	(9,265)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments in debt instruments at FVTOCI	(345)	(21)
Exchange difference on translation of associates	<u>(72,423)</u>	<u>(23,922)</u>
Other comprehensive expense for the period, net of tax	<u>(104,912)</u>	<u>(33,208)</u>
Total comprehensive (expense)/income for the period	<u>(93,094)</u>	<u>153,217</u>
Total comprehensive (expense)/income attributable to:		
Shareholders of the Company	(98,749)	112,638
Non-controlling interests	<u>5,655</u>	<u>40,579</u>
	<u>(93,094)</u>	<u>153,217</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
ASSETS			
Non-current assets			
Investment properties		7,912,380	7,895,300
Interests in associates		2,444,292	2,553,828
Debt instruments at FVTOCI		–	1,985
Equity instruments designated at FVTOCI		216,276	248,934
Equity instruments at FVTPL		156,871	178,774
Property, plant & equipment		2,767	3,157
Other assets		300	300
		10,732,886	10,882,278
Current assets			
Debtors, advances & prepayments	9	24,590	21,855
Tax recoverable		557	1,129
Cash & bank balances		291,204	227,329
		316,351	250,313
Total assets		11,049,237	11,132,591
EQUITY			
Share capital		115,404	115,404
Reserves		7,344,147	7,442,896
		7,459,551	7,558,300
Shareholders' funds		7,459,551	7,558,300
Non-controlling interests		1,112,840	1,115,185
		8,572,391	8,673,485
Total equity		8,572,391	8,673,485

		At 30 September 2022 (Unaudited) HK\$'000	At 31 March 2022 (Audited) HK\$'000
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Creditors & other payables	<i>10</i>	35,620	34,884
Secured bank loans		2,017,500	2,281,000
Lease liabilities		403	585
Deferred taxation		83,595	81,712
		<u>2,137,118</u>	<u>2,398,181</u>
Current liabilities			
Creditors & other payables	<i>10</i>	69,606	59,511
Secured bank loans		263,500	–
Lease liabilities		361	353
Tax liabilities		6,261	1,061
		<u>339,728</u>	<u>60,925</u>
Total liabilities		<u>2,476,846</u>	<u>2,459,106</u>
Total equity and liabilities		<u>11,049,237</u>	<u>11,132,591</u>
Net current (liabilities)/assets		<u>(23,377)</u>	<u>189,388</u>
Total assets less current liabilities		<u>10,709,509</u>	<u>11,071,666</u>

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2022 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 (the “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 unaudited condensed consolidated financial statements for the six months ended 30 September 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2022. 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 following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of 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 on the disclosures set out in these unaudited condensed consolidated financial statements.

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 are the analyses of the Group's revenue and results; assets and liabilities by reportable and operating segments for the period under review:

Segment Revenue and Results

For the six months ended 30 September 2022 (30 September 2021)

	Properties and hotels		Investments and others		Consolidated	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Segment revenue						
Company and subsidiaries	110,908	130,204	7,181	5,030	118,089	135,234
Segment results	74,789	97,470	6,814	4,632	81,603	102,102
Unallocated corporate expenses					(356)	(121)
Operating profit					81,247	101,981
Share of results of associates	(35,320)	(21,094)	–	–	(35,320)	(21,094)
Change in fair value of investment properties	16,378	139,929	–	–	16,378	139,929
Change in fair value of investments in equity instruments at FVTPL	(21,097)	2,265	–	–	(21,097)	2,265
Other gains and losses	–	–	207	(264)	207	(264)
Finance costs					(21,942)	(24,547)
Profit before taxation					19,473	198,270

Segment results represent 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 30 September 2022 (31 March 2022)

	Properties and hotels		Investments and others		Consolidated	
	30 September 2022 HK\$'000	31 March 2022 HK\$'000	30 September 2022 HK\$'000	31 March 2022 HK\$'000	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Segment assets	8,257,682	8,256,723	347,263	322,040	8,604,945	8,578,763
Interests in associates	2,444,292	2,553,828	–	–	2,444,292	2,553,828
Consolidated total assets					<u>11,049,237</u>	<u>11,132,591</u>
Segment liabilities	(2,473,805)	(2,456,191)	(787)	(954)	(2,474,592)	(2,457,145)
Unallocated corporate liabilities					<u>(2,254)</u>	<u>(1,961)</u>
Consolidated total liabilities					<u>(2,476,846)</u>	<u>(2,459,106)</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. Information about the Group's non-current assets (excluding financial instruments) is presented based on the geographical location of the assets. Overseas segments mainly include China, Thailand, Malaysia and Japan.

Segment revenue

For the six months ended 30 September 2022 (30 September 2021)

	2022 HK\$'000	2021 HK\$'000
Hong Kong	116,734	134,114
Overseas	<u>1,355</u>	<u>1,120</u>
	<u>118,089</u>	<u>135,234</u>

Information about the Group's non-current assets

As at 30 September 2022 (31 March 2022)

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Hong Kong	9,678,671	9,705,680
Overseas	<u>681,068</u>	<u>746,905</u>
	<u>10,359,739</u>	<u>10,452,585</u>

4. REVENUE

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

	2022 HK\$'000	2021 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Property management service income	16,773	19,753
Revenue from other sources		
Rental income from property leasing	94,135	110,451
Dividend income		
– equity instruments designated at FVTOCI	5,855	4,692
Interest income		
– financial assets at amortised cost	1,305	304
– debt instruments at FVTOCI	21	34
	<u>118,089</u>	<u>135,234</u>

5. PROFIT BEFORE TAXATION

	2022 HK\$'000	2021 HK\$'000
Profit before taxation has been arrived at after charging:		
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	6,162	6,440
Short-term lease payment for directors' quarters	1,560	1,560
Pension scheme contributions	129	128
Auditor's remuneration	310	300
Depreciation	414	457
Net exchange loss	138	–
and after crediting:		
Rental income from property leasing	94,135	110,451
Less: direct outgoings	(8,643)	(2,266)
Listed investment income	4,943	4,127
Unlisted investment income	912	565
Interest income	1,326	338
Net exchange gain	–	3

6. TAXATION

	Current taxation HK\$'000	2022 Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	2021 Deferred taxation HK\$'000	Total HK\$'000
Company and subsidiaries						
Hong Kong	5,772	2,613	8,385	8,861	2,559	11,420
Overseas	–	(730)	(730)	–	425	425
	<u>5,772</u>	<u>1,883</u>	<u>7,655</u>	<u>8,861</u>	<u>2,984</u>	<u>11,845</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 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.

7. INTERIM DIVIDEND

The Board of Directors does not recommend payment of any interim dividend for the period ended 30 September 2022 (2021: HK1.0 cent per ordinary share, totaling HK\$11,540,000).

8. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to ordinary shareholders of the Company amounting to HK\$2,821,000 (2021: HK\$146,916,000) and on 1,154,038,656 shares (2021: 1,154,038,656 shares) in issue during the period.

No diluted earnings per share have been presented for the periods ended 30 September 2022 and 30 September 2021 as the Company had no dilutive potential ordinary shares during both periods.

9. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Deferred rental receivables	10,787	8,408
Other deposits and prepayments	9,861	8,193
Debtors	<u>3,942</u>	<u>5,254</u>
	<u>24,590</u>	<u>21,855</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 was as follows:

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
0 – 30 days	1,685	3,341
31 – 60 days	1,476	1,816
61 – 90 days	265	69
> 90 days	516	28
	<u>3,942</u>	<u>5,254</u>

10. CREDITORS & OTHER PAYABLES

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
Creditors & other payables (due within one year)		
Rental deposits received	31,120	29,544
Accruals	23,516	21,249
Creditors	<u>14,970</u>	<u>8,718</u>
	69,606	59,511
Creditors & other payables (due more than one year)		
Rental deposits received	<u>35,620</u>	<u>34,884</u>
	<u>105,226</u>	<u>94,395</u>

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

	30 September 2022 HK\$'000	31 March 2022 HK\$'000
0 – 30 days	11,297	6,232
31 – 60 days	1,708	1,119
61 – 90 days	611	393
> 90 days	<u>1,354</u>	<u>974</u>
	<u>14,970</u>	<u>8,718</u>

BUSINESS REVIEW

As much of the world re-emerge from the Covid-19 pandemic, growth resumed in many countries, but at the same time inflation reared its ugly head. The confluence of de-globalization trends (induced by the US-China decoupling that started before COVID), supply chain disruptions during COVID shut-downs across the globe, “helicopter money” style monetary support from the world’s major central banks, and the shock of the Russia-Ukraine war produced a perfect storm for the highest inflation rates seen in 40 years. To battle runaway inflation, the US Fed reversed many years of easy monetary policy and raised interest rate at a speed that surprised most market experts. As other central banks (other than China and Japan as notable exceptions) followed the lead of the US Fed, global financial markets suffered massive corrections, giving back much of the gains during the past two years.

While most of Asia started to (or in many cases completely) re-open from various COVID travel restrictions, Hong Kong was hit by the arrival of the “fifth wave” of COVID-19 during the first and second quarters of 2022 and has maintained highly restrictive travel and quarantine policies. Hotels and tourism related trades continued to suffer due to little to no foreign visitors arriving in the city. Even the previously resilient office sector has suffered falling rental rates and vacancies not seen for nearly 20 years. This is no surprise as COVID policies have made it extremely difficult to travel between Hong Kong and China as well as with the rest of the world. As a result, it has been challenging for Chinese companies to expand in Hong Kong, and businesses from the rest of the world also saw little reasons to grow in Hong Kong as our advantages as an international business hub have diminished under these policies. In line with the rest of the market, our investment properties portfolio has also been facing challenges, with falling rental and occupancy rates.

Like most of Asia, Thailand re-opened its border in 2022. This has resulted in a substantial increase in arrivals to the country. For the first 10 months of the year, more than 7 million visitors entered Thailand, compared to only 428,000 international arrivals in all of 2021. However, these numbers are still a far cry from the record of nearly 40 million visitors in 2019. While there has been increased visitors from new source countries like India, until Mainland China re-opens international travels, we will not see a full recovery to pre-COVID numbers. Still, this nascent recovery has been very helpful as both of our hotels in Bangkok and Pattaya have swung back to profitability during this interim period, with continued improving trends.

For the six months period ended 30 September 2022, the Group had revenues of HK\$118.1 million, compared to HK\$135.2 million from the same period in 2021. The decrease in revenues was due mainly to the drop in rental income from our investment properties, resulting from the challenging operating environment in Hong Kong. Operating profit for the interim period was HK\$81.2 million, compared to HK\$102.0 million the year before. The decline in operating profit was due to the fall in rental income, plus higher repairs and maintenance costs and rental agency fees. Share of results of associates had a loss of HK\$35.3 million (2021: loss of HK\$21.1 million). This was caused by operating losses and decrease in fair value of The Regent Hotel Hong Kong, which has been closed for renovations (apart from the Yan Toh Heen Chinese restaurant). Increase in fair value of investment properties amounted to HK\$16.4 million, a substantial decrease compared to the gain of HK\$139.9 million for the previous period, when the office sector in Hong Kong was still resilient and valuation gains were supported by low interest rates. Change in fair value in our equity holdings in investment properties (Ciros Plaza in Shanghai and Cityplaza Three and Four in Hong Kong) also saw a loss of HK\$21.1 million (2021: profit of HK\$2.3 million). For the six months ended 30 September 2022, the Group's net profit was HK\$11.8 million (2021: HK\$186.4 million), of which net profit attributable to shareholders was only HK\$2.8 million (2021: HK\$146.9 million).

Property Investments (Hong Kong and Asia)

By Subsidiaries

As at 30 September 2022, the occupancy rate of the Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong dropped to 58%, from 87% in September 2021. Due to a massive supply of new office stock in the area, the East Kowloon district had been the most challenging district in Hong Kong for office leasing. For the interim reporting period, Pioneer Place contributed rental and related revenues of HK\$21.5 million (2021: HK\$30.8 million) and no fair value increase (2021: HK\$20.0 million fair value increase).

As of the end of September 2022, the Group's 60% owned 68 Yee Wo Street Building (229,200 sq. ft.) in Causeway Bay, Hong Kong had an occupancy rate of 81% (30 September 2021: 87%). For the six months ended 30 September 2022, the property contributed rental and related revenues of HK\$50.2 million (2021: HK\$58.1 million) and no fair value increase (2021: HK\$70.0 million fair value increase).

Due to the successful completion of a major renovation of its carpark and new main lobby areas, the Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong was able to maintain a strong occupancy rate of 96%, compared to an occupancy rate of 90% a year ago. However, average rental rates have declined along with the general market. For this interim period, the property contributed HK\$27.6 million (2021: HK\$30.3 million) in rental and related revenues and fair value increase of HK\$19.3 million (2021: HK\$34.2 million).

At the end of the reporting period, the 56,740 sq. ft. commercial podium of Kiu Fat Building (115 – 119 Queen's Road West) in Sai Ying Pun, Hong Kong maintained an occupancy rate of 100%, benefiting from the long-term leases signed during the previous year. For the six months ended 30 September 2022, the property contributed HK\$10.6 million (2021: HK\$9.9 million) in rental and related revenues and no fair value increase (2021: HK\$14.0 million fair value increase).

By Associates

The Group has an investment in Shanghai K. Wah Centre (7.7%) in China through an associate company. As of 30 September 2022, the property maintained a strong occupancy rate of 95% (30 September 2021: 100%) and the share of associate's results recorded a profit of HK\$5.6 million (2021: HK\$6.9 million) before foreign exchange difference.

The Group owns an effective stake of 5.1% in three adjacent commercial buildings in Tokyo, Japan through an associate company. 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 2022, the three buildings had occupancy rates of 96%, 68%, and 100% (30 September 2021: 84%, 91% and 70%) respectively. During the reporting period, this investment recorded a share of associate's profit of HK\$5.4 million before foreign exchange difference (2021: HK\$2.0 million).

By Equity Instruments

The Group is part of an investment consortium that owns the Cityplaza Three (half block) and Cityplaza Four in Tai Koo Shing, Hong Kong. The two adjacent buildings have a total GFA of 792,780 sq. ft. and the Group's investment constitutes a 0.9% effective stake in the properties. As of 30 September 2022, the properties had an occupancy rate of 78% (30 September 2021: 85%). This investment recorded a fair value loss of HK\$1.4 million during the period (2021: HK\$0.3 million fair value increase).

The Group has an investment in Ciro's Plaza (4.0%) in Shanghai, China through an equity instrument. As of 30 September 2022, the property had an occupancy rate of 74% (30 September 2021: 87%) and the investment recorded a fair value loss of HK\$19.7 million (2021: HK\$2.0 million fair value increase) mostly due to currencies adjustment.

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 hotel is currently closed for major refurbishment and is planned to be reopened as The Regent Hotel Hong Kong in December 2022, re-establishing the original name of the hotel when it was first opened in 1980. During renovation, the only part of the hotel that remains operational has been the Yan Toh Heen Restaurant. Due to COVID social distancing policies in Hong Kong, business has been extremely challenging especially for Chinese restaurants, where customers traditionally prefer larger format meals. As a result, the hotel only had revenues of HK\$13.5 million during the interim period ended 30 September 2022 (2021: HK\$12.9 million), and suffered an operating loss of HK\$28.1 million (2021: HK\$24.7 million). The share of results from this associate recorded a loss of HK\$46.6 million (2021: HK\$17.5 million).

Due to the removal of all travel restrictions by the Thai government, the tourism industry improved substantially and our two Thai hotels both returned to profitability during the period. For the six months ended 30 September 2022, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associate company) had revenues of Baht 145.8 million (HK\$31.6 million equivalent) (2021: Baht 56.1 million, HK\$13.3 million equivalent) and operating profit of Baht 24.4 million (HK\$5.3 million equivalent) (2021: loss of Baht 11.4 million, HK\$2.7 million equivalent), with an average occupancy of 41% (2021: 20%). 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 145.6 million (HK\$31.6 million equivalent) (2021: Baht 30.3 million, HK\$7.2 million equivalent) and operating profit of Baht 39.4 million (HK\$8.5 million equivalent) (2021: loss of Baht 17.9 million, HK\$4.2 million equivalent), with an average occupancy rate of 63% (2021: 17%). The share of results of the Thai associate recorded a slight gain of HK\$0.6 million (2021: loss of HK\$10.9 million) during the period.

PROSPECTS

Looking ahead, the rest of the fiscal year will continue to be challenging. With global inflation elevated, interest rates will likely have to go up further, putting pressure on debt service and asset values. Much of the world has been complacent living with no inflation for many years. This adjustment, if over a sustained period, will be painful.

While Hong Kong's easing of quarantine restrictions from "7+3" to "0+3" at the end of September is a much welcome improvement, the policy is still far too restrictive for foreign visitors to truly return. And until China also reduces travel restrictions, Chinese visitors also will not, or cannot, travel to Hong Kong. Not until Hong Kong can move to "0+0" with a roadmap to easing all remaining restrictions can we get back on a path to recovery as the business hub of Asia.

The Regent Hotel Hong Kong is slated to soft open in 4th quarter of 2022. Given the continued travel restrictions affecting Hong Kong and China as well as higher interest costs, we expect the hotel will require additional capital to sustain its operation and debt service as business takes time to ramp up. In order to prepare for additional capital injections into this business, we will be prudent about capital spending and will not pay a dividend for the interim period.

FINANCIAL REVIEW

Liquidity, Financial Resources and Gearing Ratio

The Group continued to enjoy a healthy financial position. As at 30 September 2022, the Group had cash and bank balances amounting to HK\$291.2 million (31 March 2022: HK\$227.3 million) of which \$291.0 million (31 March 2022: HK\$226.8 million) of the bank balances are in Hong Kong dollars and United States dollars. The Group has an undrawn standby banking facility of HK\$50.0 million (31 March 2022: HK\$50.0 million).

As at 30 September 2022, the total bank borrowings of the Group were HK\$2,281.0 million (31 March 2022: HK\$2,281.0 million). Except for the bank loan of Club Lusitano which is repayable within 1 year, all other bank loans are classified as non-current liabilities with maturity profile spread over a period of 3 years. The Group's total debt to total assets ratio was 20.6% (31 March 2022: 20.5%) and net debt to total assets ratio was 18.0% (31 March 2022: 18.5%).

Interest Rate Management

Among the bank loans of HK\$2,281.0 million (31 March 2022: HK\$2,281.0 million), HK\$300.0 million (31 March 2022: HK\$300.0 million) bear interest at fixed rates while the rest are at floating rates. The effective interest rate was 1.93% p.a. during the interim period (2021: 2.15% p.a.).

Foreign Exchange Management

The total assets denominated in foreign currencies at interim period end were HK\$856.8 million equivalent (31 March 2022: HK\$951.9 million equivalent). These assets are held as long-term investments and the Group does not speculate in currency movement for asset management.

The Group has no foreign exchange risks on liabilities, all bank loans are denominated in Hong Kong dollars.

Pledge of Assets

As at 30 September 2022, investment properties with a carrying value of HK\$7,834.1 million (31 March 2022: HK\$7,814.1 million) were pledged to secure bank loan facilities to the extent of HK\$2,281.0 million (31 March 2022: HK\$2,281.0 million) of which all facilities have been fully utilized.

Contingent Liabilities

As at 30 September 2022, the Group had guarantees HK\$1,879.8 million (31 March 2022: HK\$1,879.8 million) given to a bank in respect of banking facilities utilized by subsidiaries. No guarantees were given to any associated companies.

EMPLOYEES

As at 30 September 2022, the number of salaried staff at the holding company level was 18 (31 March 2022: 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.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 September 2022 (2021: HK1.0 cent per ordinary share).

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

During the six months ended 30 September 2022, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance to protect the interests of its shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and the corporate governance code (the "CG Code") set out in Part 2 of Appendix 14 of the Listing Rules. The Company has complied with all the code provisions set out in the CG Code throughout the period ended 30 September 2022.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 2022.

REVIEW OF INTERIM RESULTS

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 2022.

By Order of the Board
Pioneer Global Group Limited
Kenneth Gaw
Managing Director

Hong Kong, 24 November 2022

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.

* For identification purpose only