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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 2024**

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 2024, together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 September	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3, 4	121,928	125,427
Properties operating expenses		(23,512)	(27,792)
Staff costs		(8,588)	(8,489)
Depreciation		(245)	(373)
Other expenses		(2,018)	(2,171)
		(34,363)	(38,825)

		For the six months ended	
		30 September	
		2024	2023
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Operating profit	3	87,565	86,602
Share of results of associates		(86,416)	(39,280)
Change in fair value of investment properties		(7,346)	25,100
Change in fair value of investments in equity instruments at fair value through profit or loss (“FVTPL”)		(13,601)	(6,913)
Other gains and losses		(87)	(31)
Finance costs	5	(60,911)	(56,773)
(Loss)/profit before taxation	6	(80,796)	8,705
Taxation			
Current	7	(1,429)	(1,961)
Deferred	7	(1,176)	20,835
(Loss)/profit for the period		(83,401)	27,579
(Loss)/profit attributable to:			
Shareholders of the Company		(85,847)	18,098
Non-controlling interests		2,446	9,481
		(83,401)	27,579
		HK cents	HK cents
(Loss)/earnings per share	9	(7.44)	1.57

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended	
	30 September	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/profit for the period	<u>(83,401)</u>	<u>27,579</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”)	22,964	(7,717)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange difference on translation of associates	<u>19,570</u>	<u>(16,712)</u>
Other comprehensive income/(expense) for the period, net of tax	<u>42,534</u>	<u>(24,429)</u>
Total comprehensive (expense)/income for the period	<u>(40,867)</u>	<u>3,150</u>
Total comprehensive (expense)/income attributable to:		
Shareholders of the Company	(49,804)	(5,518)
Non-controlling interests	<u>8,937</u>	<u>8,668</u>
	<u>(40,867)</u>	<u>3,150</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS			
Non-current assets			
Investment properties		7,883,954	7,891,300
Interests in associates		2,354,528	2,471,177
Equity instruments designated at FVTOCI		196,002	173,055
Equity instruments at FVTPL		137,257	150,859
Property, plant & equipment		2,198	2,448
Other assets		300	300
		10,574,239	10,689,139
Current assets			
Debtors, advances & prepayments	10	29,974	28,305
Tax recoverable		718	1,201
Cash & bank balances		385,692	302,502
		416,384	332,008
Total assets		10,990,623	11,021,147
EQUITY			
Share capital		115,404	115,404
Reserves		7,307,842	7,357,646
		7,423,246	7,473,050
Shareholders' funds		7,423,246	7,473,050
Non-controlling interests		1,121,964	1,113,027
		8,545,210	8,586,077
Total equity		8,545,210	8,586,077

		At 30 September 2024 (Unaudited) HK\$'000	At 31 March 2024 (Audited) HK\$'000
	<i>Notes</i>		
LIABILITIES			
Non-current liabilities			
Creditors & other payables	<i>11</i>	42,282	44,759
Secured bank loans		1,263,500	663,500
Deferred tax liabilities		65,697	64,520
		<u>1,371,479</u>	<u>772,779</u>
Current liabilities			
Creditors & other payables	<i>11</i>	55,462	44,764
Secured bank loans		1,017,500	1,617,500
Tax liabilities		972	27
		<u>1,073,934</u>	<u>1,662,291</u>
Total liabilities		<u>2,445,413</u>	<u>2,435,070</u>
Total equity and liabilities		<u>10,990,623</u>	<u>11,021,147</u>
Net current liabilities		<u>(657,550)</u>	<u>(1,330,283)</u>
Total assets less current liabilities		<u>9,916,689</u>	<u>9,358,856</u>

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2024 have been prepared in accordance with applicable disclosure requirements of Appendix D2 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 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2024. 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 2024 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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 2024 (30 September 2023)

	Properties and hotels		Investments and others		Consolidated	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Segment revenue	107,640	116,173	14,288	9,254	121,928	125,427
Segment results	73,766	77,848	13,894	8,859	87,660	86,707
Unallocated corporate expenses					(95)	(105)
Operating profit					87,565	86,602
Share of results of associates	(86,416)	(39,280)	-	-	(86,416)	(39,280)
Change in fair value of investment properties	(7,346)	25,100	-	-	(7,346)	25,100
Change in fair value of investments in equity instruments at FVTPL	(13,601)	(6,913)	-	-	(13,601)	(6,913)
Other gains and losses	-	-	(87)	(31)	(87)	(31)
Finance costs					(60,911)	(56,773)
(Loss)/profit before taxation					(80,796)	8,705

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 2024 (31 March 2024)

	Properties and hotels		Investments and others		Consolidated	
	30 September 2024 HK\$'000	31 March 2024 HK\$'000	30 September 2024 HK\$'000	31 March 2024 HK\$'000	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Segment assets	8,256,556	8,247,938	379,539	302,032	8,636,095	8,549,970
Interests in associates	2,354,528	2,471,177	-	-	2,354,528	2,471,177
Consolidated total assets					<u>10,990,623</u>	<u>11,021,147</u>
Segment liabilities	(2,443,246)	(2,431,968)	(826)	(1,134)	(2,444,072)	(2,433,102)
Unallocated corporate liabilities					<u>(1,341)</u>	<u>(1,968)</u>
Consolidated total liabilities					<u>(2,445,413)</u>	<u>(2,435,070)</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 2024 (30 September 2023)

	2024 HK\$'000	2023 HK\$'000
Hong Kong	110,044	120,722
Overseas	<u>11,884</u>	<u>4,705</u>
	<u>121,928</u>	<u>125,427</u>

Information about the Group's non-current assets

As at 30 September 2024 (31 March 2024)

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Hong Kong	9,596,846	9,677,671
Overseas	<u>644,134</u>	<u>687,554</u>
	<u>10,240,980</u>	<u>10,365,225</u>

4. REVENUE

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

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Property management service income	19,331	20,153
Revenue from other sources		
Rental income from property leasing	88,309	96,020
Dividend income		
– equity instruments designated at FVTOCI	6,767	4,688
Interest income		
– financial assets at amortised cost	7,521	4,566
	<u>121,928</u>	<u>125,427</u>

5. FINANCE COSTS

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
Interest on bank loans	60,293	56,761
Interest on lease liabilities	–	12
Other finance costs	618	–
	<u>60,911</u>	<u>56,773</u>

6. (LOSS)/PROFIT BEFORE TAXATION

	For the six months ended	
	30 September	
	2024	2023
	HK\$'000	HK\$'000
(Loss)/profit before taxation has been arrived at after charging:		
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	6,900	6,799
Short-term lease payment for directors' quarters	1,560	1,560
Pension scheme contributions	128	130
Auditor's remuneration	330	325
Depreciation	245	373
Net exchange loss	81	30
and after crediting:		
Rental income from property leasing	88,309	96,020
Less: direct outgoings	(3,861)	(7,586)
Listed investment dividend income	1,703	3,998
Unlisted investment dividend income	5,064	690
Interest income	7,521	4,566

7. TAXATION

	For the six months ended	
	30 September 2024	2023
	HK\$'000	HK\$'000
Current tax		
Hong Kong profits tax		
– current period	1,429	1,961
Deferred tax	1,176	(20,835)
	<u>2,605</u>	<u>(18,874)</u>

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the period, 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. INTERIM DIVIDEND

The Board of Directors does not recommend payment of any interim dividend for the period ended 30 September 2024 (2023: Nil).

9. (LOSS)/EARNINGS PER SHARE

(Loss)/earnings per share is calculated on loss attributable to ordinary shareholders of the Company amounting to HK\$85,847,000 (2023: profit attributable to ordinary shareholders of the Company amounting to HK\$18,098,000) and on 1,154,038,656 shares (2023: 1,154,038,656 shares) in issue during the period.

No diluted (loss)/earnings per share have been presented for the periods ended 30 September 2024 and 30 September 2023 as the Company had no dilutive potential ordinary shares during both periods.

10. DEBTORS, ADVANCES & PREPAYMENTS

	30 September	31 March
	2024	2024
	HK\$'000	HK\$'000
Debtors	5,160	5,024
Other deposits and prepayments	12,481	12,497
Deferred rental receivables	12,333	10,784
	<u>29,974</u>	<u>28,305</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 was as follows:

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
0–30 days	1,356	2,559
31–60 days	1,621	1,693
61–90 days	1,131	254
> 90 days	1,052	518
	<u>5,160</u>	<u>5,024</u>

11. CREDITORS & OTHER PAYABLES

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
Creditors & other payables (due within one year)		
Creditors	4,221	5,324
Accruals and other payables	34,884	26,784
Rental deposit received	16,357	12,656
	<u>55,462</u>	44,764
Creditors & other payables (due more than one year)		
Rental deposits received	42,282	44,759
	<u>97,744</u>	<u>89,523</u>

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

	30 September 2024 HK\$'000	31 March 2024 HK\$'000
0–30 days	3,516	4,930
31–60 days	433	320
61–90 days	10	25
> 90 days	262	49
	<u>4,221</u>	<u>5,324</u>

BUSINESS REVIEW

The first 9 months of 2024 continued to be challenging for Hong Kong. US interest rate remained high and it wasn't until the September FOMC meeting that the US Federal Reserve cut interest rate (by a meaningful 50 basis points). Hong Kong, with its peg to the US Dollar, suffered in this high interest rate environment. Without any new economic driver to boost demand, the commercial office market continued to slide in terms of occupancy and rental rates. This economic reality was reflected in the general negative performance of the Group's investment properties portfolio in Hong Kong, affecting both operation results and capital value.

While the hotel and tourism sector in Hong Kong has continued its revival since the re-opening from COVID in early 2023, arrival numbers (32.6 million in first 9 months of 2024) are still only about 70% of the pre-COVID peak of 2018. In addition to the lower arrival numbers, the visitors also stayed for shorter duration. Due to the slow recovery of the hotel and tourism sector, the performance of our Regent Hotel has also been below our expectations.

One good news for Hong Kong was the government in February removed all of the stringent property cooling policies, also known locally as "spicy measures", first enacted more than 10 years ago. This policy shift has since led to a substantial increase in transaction volume for the territory's residential housing market, bringing back much needed liquidity to the market.

On the other hand, Thailand's hotel market has been enjoying a good year. While Chinese outbound travellers had not returned as quickly as expected, there has been strong pick-up from other markets, which is a positive development as the country has been able to diversify its visitor base. With over 26 million arrivals in the first 9 months, the country is projected to attract 90% of pre-COVID 2019 arrival numbers for the full year. The Group's two hotels in Thailand have performed well and exceeding projections during the interim period.

For the six months interim period ended 30 September 2024, the Group had revenues of HK\$121.9 million, a decrease of 2.8% from last year's HK\$125.4 million. The decrease in revenues was due to lower rental revenues at some of our investment properties. During this interim reporting period, operating profit was HK\$87.6 million, a 1.2% increase from HK\$86.6 million the year before. The slight increase in operating profit despite a decrease in revenues was due to lower operating expenses. Share of results of associates was a loss of HK\$86.4 million, compared to a loss of HK\$39.3 million during the same period in 2023. This was mainly attributable to the share of losses of HK\$115.3 million picked up from our ownership in The Regent Hong Kong. Change in fair value of investment properties was a decrease of HK\$7.3 million, compared to an increase of HK\$25.1 million during the same period in 2023. The Group's net loss for the six months interim period was HK\$83.4 million (2023: profit of HK\$27.6 million), of which net loss attributable to shareholders was HK\$85.8 million (2023: profit of HK\$18.1 million).

Property Investments (Hong Kong and Asia)

By Subsidiaries

As of 30 September 2024, the occupancy rate of Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong was 76%, which is the same as the 76% occupancy rate a year ago. Due to a substantial supply of new office stock in the area, the East Kowloon district had been the most challenging district in Hong Kong for office leasing, with high vacancies and falling rental rates. For the six months period, Pioneer Place contributed rental and related revenues of HK\$22.1 million (2023: HK\$24.0 million) and a fair value decrease of HK\$2.0 million (2023: a fair value increase of HK\$10.0 million).

At the end of September 2024, the Group's 60% owned 68 Yee Wo Street Building (229,200 sq. ft.) in Causeway Bay, Hong Kong had an occupancy rate of 75% (September 2023: 86%). The decrease in occupancy was mainly due to the cessation of business of Physical Health and Beauty Centre in early September 2024, which occupied two floor spaces of our property. Since the end of the interim period, one of the floors has been taken up by another beauty centre, bringing occupancy back up to 79%. For the six months ended 30 September 2024, the property had rental and related revenues of HK\$48.7 million (2023: HK\$49.8 million) and a fair value decrease of HK\$3.0 million (2023: a fair value increase of HK\$3.0 million).

For the six months period ended 30 September 2024, the Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong had an occupancy rate of 92%, a drop from 96% occupancy rate a year ago. For the six months interim period, the property contributed HK\$25.2 million (2023: HK\$30.7 million) in rental and related revenues and fair value decrease of HK\$3.0 million (2023: a fair value increase of HK\$10.0 million).

At the end of the interim 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% (September 2023: 100%), benefiting from long-term leases. For the six months ended 30 September 2024, the property contributed HK\$10.6 million (2023: HK\$10.6 million) in rental and related revenues with no change in fair value (2023: a fair value increase of HK\$4.0 million).

By Associates

The Group has an investment in Shanghai K. Wah Centre (7.7%) in Shanghai, China through an associate company. As of 30 September 2024, the property has a healthy occupancy rate of 91% (compared to 94% in September 2023) and the share of associate's results recorded a profit of HK\$4.0 million (2023: HK\$4.9 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. A sale agreement of these three Tokyo properties was signed in March 2024 at a total value of JPY95.0 billion (investment cost: JPY84.0 billion). In the reporting period, the Group received cash distributions of JPY1,723.1 million (HK\$87.2 million equivalent) and recorded a share of associate's profit of HK\$3.0 million (2023: loss of HK\$11.1 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 2024, the properties had an occupancy rate of 74% (September 2023: 76%). This investment recorded a fair value loss of HK\$11.1 million during the period (2023: loss of HK\$4.0 million) due mainly to lower valuation reflecting the deteriorating Hong Kong office sector.

The Group has an investment in Ciro's Plaza (4.0%) in Shanghai, China through an equity instrument. As of 30 September 2024, the property had an occupancy rate of 85% (September 2023: 77%) and the investment recorded a fair value loss of HK\$2.5 million (2023: loss of HK\$2.9 million). The drop in fair value was due to falling rental rates in the Shanghai market.

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 The Regent Hong Kong. After a complete renovation, the hotel was partially soft opened in December 2022, and all of the 497 rooms had been reopened since February 2024. While the performance was a substantial improvement from the soft-opening period in 2023, due to the slow recovery of the hotel and tourism industry in Hong Kong, the hotel's ramp up from the re-opening period was also slower than expected, with average occupancy rate of 49% and average daily rate of HK\$3,143 during the interim period. During the six months ended 30 September 2024, the hotel had revenues of HK\$354.8 million (2023: HK\$197.2 million) and operating profit of HK\$27.2 million (2023: loss of HK\$60.7 million) which was still well short of covering the bank loan interest of HK\$149.6 million. The fair value of the hotel property also decreased by HK\$258.2 million. Thus, for the interim period, the share of results from this associate (30% interest) recorded a loss of HK\$115.3 million (2023: loss of HK\$47.8 million).

As noted in the Business Review section, the Group's hotels in Thailand are generally performing well. For the six months ended 30 September 2024, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associate company) had revenues of Baht 266.9 million (HK\$63.2 million equivalent) (2023: Baht 237.6 million, HK\$51.7 million equivalent) and operating profit of Baht 88.9 million (HK\$21.1 million equivalent) (2023: Baht 63.6 million, HK\$13.8 million equivalent), with an average occupancy of 80% (2023: 71%). 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 198.2 million (HK\$46.9 million equivalent) (2023: Baht 186.3 million, HK\$40.5 million equivalent) and operating profit of Baht 67.5 million (HK\$16.0 million equivalent) (2023: Baht 58.3 million, HK\$12.7 million equivalent), with an average occupancy rate of 79% (2023: 77%). The share of results of the Thai associate recorded a profit of HK\$21.9 million (2023: HK\$4.0 million) during the period mainly due to higher operating profit and foreign exchange gain.

PROSPECTS

The outlook remains cautiously optimistic amidst various headwinds and opportunities. China's export and manufacturing sectors have demonstrated resilience, and the government has increasingly shown a willingness to provide financial stimulus. It has also shown a renewed support of the real estate sector, easing most property cooling measures which had been in place for the better part of the past decade.

In Hong Kong, the office sector faces extreme challenges due to the lack of new demand drivers. Given the prevalence of the finance sector, the recovery of the office sector hinges on the return of large fundraising activities. The third quarter of 2024 saw a few successful IPOs, which, although still below historical norms in terms of deal numbers and funds raised, could signal a positive trend if the fundraising pipeline continues to grow. The other positive support to the market was the easing of interest rate by the US Fed, first by 50 basis points in the September FOMC meeting, and followed by another 25 basis points cut in November. Hong Kong also followed the cuts and that has been a welcome relief for the local market.

The recovery of Hong Kong's hotel and tourism sector has been slower than anticipated. However, international conferences are returning to the city, and the government is actively rolling out business events and tourism initiatives to attract more visitors. These efforts should provide some positive support to the market. While the ramp-up of The Regent Hong Kong had been slower than expected due to market conditions, the hotel has been well received with many industry accolades (e.g. the hotel recently won the award as Best Hong Kong Hotel from Travel + Leisure Awards Asia Pacific 2024, the 3rd of the Top 10 Hotels in Hong Kong and Macau from Condé Nast Traveler Readers' Choice Award 2024 and the Best Design Hotel from the Bund Design Hotel Awards 2024), and we are optimistic that The Regent Hong Kong will continue to gain back market share among luxury hotels in the city.

The return of Donald Trump as the next US President may introduce uncertainties and changes, with varying impacts on our region. Short-term interest rates may decrease more rapidly, but long-term rates could rise due to his inflationary campaign policies. Given the challenges and uncertainties, combined with the need to fund Regent Hotel's negative cash flow due to debt service, the board after consideration of the management's recommendation of maintaining ample liquidity, has decided no dividends to be paid for this interim period.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to maintain a healthy financial position with cash and bank balances increased to HK\$385.7 million (31 March 2024: HK\$302.5 million) which were mainly denominated in Hong Kong dollars and United States dollars. An undrawn standby banking facility of HK\$50.0 million (31 March 2024: HK\$50.0 million) was maintained by the Group.

As at 30 September 2024, the total bank borrowings of the Group were HK\$2,281.0 million (31 March 2024: HK\$2,281.0 million) of which HK\$1,017.5 million (31 March 2024: HK\$1,617.5 million) will be matured within one year. The bank loan of Pioneer Place was re-financed in June 2024, while the bank loan of 68 Yee Wo Street Building will be re-financed by February 2025. The Group's total debts to total assets ratio was 20.8% (31 March 2024: 20.7%) and net debt to total assets ratio was 17.2% (31 March 2024: 18.0%).

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 and China with carrying amounts of HK\$404.7 million and HK\$209.8 million equivalents respectively as at 30 September 2024 (31 March 2024: HK\$361.8 million and HK\$207.3 million equivalents respectively). The Group also has equity instrument investments in Malaysia and China denominated in Malaysian ringgit and Renminbi with fair value of HK\$142.9 million and HK\$63.2 million equivalents respectively as at 30 September 2024 (31 March 2024: HK\$124.4 million and HK\$65.7 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 2024, investment properties with a carrying value of HK\$7,805.5 million (31 March 2024: HK\$7,813.5 million) were pledged to secure bank loan facilities to the extent of HK\$2,281.0 million (31 March 2024: HK\$2,281.0 million) of which all facilities have been fully utilized.

Contingent Liabilities

As at 30 September 2024, the Group had guarantees of HK\$1,879.8 million (31 March 2024: HK\$1,879.8 million) given to banks in respect of banking facilities utilised by subsidiaries.

EMPLOYEES

As at 30 September 2024, the number of salaried staff at the holding company level was 18 (31 March 2024: 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 2024 (2023: Nil).

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

During the six months ended 30 September 2024, 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 C1 of the Listing Rules. During the six months ended 30 September 2024, the Company has complied with all the code provisions set out in the CG Code.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises four independent non-executive directors, including Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan, Mr. Arnold Tin Chee Ip and Mr. Kin Chan. 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 2024.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the websites of the Company (www.pioneerglobalgroup.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report of the Company for the six months ended 30 September 2024 will be dispatched to the Shareholders (if a printed copy is requested) and published on the abovementioned websites in due course on or before 31 December 2024.

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

Hong Kong, 27 November 2024

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, Mr. Arnold Tin Chee Ip and Mr. Kin Chan.

* *For identification purpose only*