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Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

**INTERIM RESULTS FOR THE SIX MONTHS
ENDED 30 SEPTEMBER 2010**

The Board of Directors of Pioneer Global Group Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2010, together with the comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended	
		30 September	
		2010	2009
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Turnover			
Company and subsidiaries		44,275	29,316
Share of associates		24,071	19,924
		<hr/>	<hr/>
		68,346	49,240
		<hr/>	<hr/>
Turnover of Company and subsidiaries	2	44,275	29,316
		<hr/>	<hr/>
Properties operating expenses		(6,942)	(3,992)
Staff costs		(4,985)	(4,540)
Depreciation & amortisation		(2,964)	(888)
Other expenses		(1,831)	(1,794)
		<hr/>	<hr/>
		(16,722)	(11,214)
		<hr/>	<hr/>

For the six months ended

30 September

	2010	2009
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000

Notes

Operating profit	2	27,553	18,102
Share of profits of associates		44,596	56,838
Change in fair value of investment properties		7,700	37,000
Other gains and losses	3	8,780	23,982
Finance costs		(3,531)	(1,092)
Profit before taxation	4	85,098	134,830
Taxation – current	5	287	(915)
– deferred	5	(2,376)	(3,704)
Profit for the period		83,009	130,211
Attributable to:			
Shareholders of the Company		82,649	129,811
Minority interests		360	400
		83,009	130,211
Interim dividend	6	7,694	7,694
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share (<i>HK cents</i>)	7	10.74	16.87

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended
30 September

2010
(Unaudited)
HK\$'000

2009
(Unaudited)
HK\$'000

Profit for the period	<u>83,009</u>	<u>130,211</u>
Other comprehensive income		
Change in fair value of available for sale investments		
– subsidiaries	5,909	44,274
– associates	7,012	3,010
Exchange difference of translation of		
– subsidiaries	(3,740)	1
– associates	<u>3,788</u>	<u>2,969</u>
Other comprehensive income for the period	<u>12,969</u>	<u>50,254</u>
Total comprehensive income for the period	<u>95,978</u>	<u>180,465</u>
Total comprehensive income attributable to:		
Shareholders of the Company	93,845	178,609
Minority interests	<u>2,133</u>	<u>1,856</u>
	<u>95,978</u>	<u>180,465</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 September 2010 (Unaudited) <i>HK\$'000</i>	31 March 2010 (Audited) <i>HK\$'000</i>
ASSETS			
Non-current assets			
Investment properties		516,500	508,800
Leasehold properties		425,017	427,707
Associates		768,105	710,449
Available for sale investments		379,309	361,279
Property, plant and equipment		3,031	2,322
Other assets		1,447	1,447
		2,093,409	2,012,004
Current assets			
Debtors, advances & prepayments	8	50,599	5,146
Financial assets at fair value		5,620	3,604
Cash & bank balances		39,444	86,930
		95,663	95,680
Total assets		2,189,072	2,107,684
EQUITY			
Share capital		76,935	76,935
Reserves		1,627,447	1,547,450
		1,704,382	1,624,385
Shareholders' funds		17,709	15,933
Minority interests		1,722,091	1,640,318
Total equity		1,722,091	1,640,318
LIABILITIES			
Non-current liabilities			
Secured bank loans		267,100	271,100
Deferred payment	9	102,500	102,500
Deferred tax liabilities		63,480	61,105
		433,080	434,705
Current liabilities			
Creditors & accruals	10	24,393	22,620
Secured bank loans		8,000	8,173
Tax liabilities		1,508	1,868
		33,901	32,661
Total liabilities		466,981	467,366
Total equity and liabilities		2,189,072	2,107,684

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2010

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard No. 34 – Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The unaudited condensed consolidated interim 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. The accounting policies used in the preparation of interim financial statements are consistent with those set out in the annual financial statements for the year ended 31 March 2010.

In the current period, the Group has adopted the following new and revised standards and interpretations (“new HKFRSs”) issued by HKICPA, which are relevant to its operations.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRS 3 (Revised)	Business Combination

The adoption of the new HKFRSs did not have any material effect on the financial position or performance of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ³
HKFRS 9	Financial Instruments ⁴
HK (IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ³
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ²

¹ Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

² Effective for annual periods on or after 1 July 2010.

³ Effective for annual periods on or after 1 January 2011.

⁴ Effective for annual periods on or after 1 January 2013.

The Group is in the process of making an assessment of the potential impact of the above new and revised standards, amendments or interpretations. The Group is not yet in a position to determine the impact of these new and revised standards or interpretations on the results of operations and financial position of the Group.

2. SEGMENT INFORMATION

Segment information is presented in respect of the Group's primary business segment.

	For the period ended 30 September					
	Property and hotel		Investments and others		Consolidated	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover						
Company and subsidiaries	32,933	21,753	11,342	7,563	44,275	29,316
Segment result	16,515	11,074	11,143	7,121	27,658	18,195
Unallocated corporate expenses					(105)	(93)
Operating profit					27,553	18,102
Share of profits of associates	44,596	56,838	–	–	44,596	56,838
Change in fair value of investment properties	7,700	37,000	–	–	7,700	37,000
Other gains and losses	–	13,325	8,780	10,657	8,780	23,982
Finance costs					(3,531)	(1,092)
Taxation					(2,089)	(4,619)
Minority interests					(360)	(400)
					82,649	129,811

3. OTHER GAINS AND LOSSES

	2010	2009
	HK\$'000	HK\$'000
Gain on disposal of properties	–	11,905
Gain on disposal of available for sale investments	3,067	10,468
Change in fair value of financial assets	1,940	1,208
Others	3,773	401
	8,780	23,982

4. PROFIT BEFORE TAXATION

	2010 HK\$'000	2009 HK\$'000
Profit before taxation has been arrived at after charging:		
Interest on bank loans wholly repayable within five years	3,531	1,092
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	4,915	4,470
Pension scheme contributions	70	70
Auditors remuneration	196	161
Depreciation and amortisation	2,964	888
Provision for long service payments to employees	143	(36)
Exchange loss	58	–
and after crediting:		
Rental income from investment properties	25,840	15,224
Less: direct outgoings	(1,524)	(2,056)
Listed investment income	3,225	801
Unlisted investment income	1,847	1,964
Interest income	6,227	4,784
Exchange gain	–	147

5. TAXATION

	2010			2009		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
The Company and its subsidiaries						
Hong Kong	930	2,376	3,306	901	3,704	4,605
Overseas	(1,217)	–	(1,217)	14	–	14
	<u>(287)</u>	<u>2,376</u>	<u>2,089</u>	<u>915</u>	<u>3,704</u>	<u>4,619</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 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.

6. INTERIM DIVIDEND

The Board of Directors declares an interim dividend of HK1.00 cent per share (2009: HK1.00 cent), totaling HK\$7,694,000 for the six months ended 30 September 2010 (2009: HK\$7,694,000) to shareholders whose names appear on the register of members of the Company at the close of business on 3 January 2011. This amount is not included as a liability in these interim financial statements.

7. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$82,649,000 (2009: HK\$129,811,000) and on 769,359,104 shares in issue during both periods of 2010 and 2009.

No diluted earnings per share have been presented for the periods ended 30 September 2010 and 30 September 2009 as the Company had no dilutive potential ordinary shares during both periods.

8. (a) TRADE RECEIVABLES

Rental receivables from tenants are due on presentation of debit notes and payable in advance. The aging analysis of the trade and rental debtors at the reporting date was as follows:

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
0 – 30 days	416	860
31 – 60 days	52	113
61 – 90 days	8	32
> 90 days	–	60
	<u>476</u>	<u>1,065</u>

(b) PREPAYMENTS

A deposit of HK\$45.0 million was paid to acquire an additional 30% equity interest of our associated company, Causeway Bay 68 Limited.

9. DEFERRED PAYMENT

On the acquisition of the 80-year leasehold interest of a property, 25% of the consideration has been deferred and shall be paid by installments over a 5-year period at an interest rate of 3% p.a.. The carrying value of the deferred payment approximates its fair value.

10. TRADE PAYABLES

Trade payables are included in creditors and accruals. The aging analysis of the trade payables at the reporting date was presented based on the dates of the invoices as follows:

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
0 – 30 days	605	481
31 – 60 days	23	23
61 – 90 days	23	23
> 90 days	2,021	1,881
	<u>2,672</u>	<u>2,408</u>

11. CONTINGENT LIABILITIES AND COMMITMENTS

	30 September 2010 HK\$'000	31 March 2010 HK\$'000
Guarantees on utility deposits	693	693
Commitments		
for total future minimum lease payments		
– not later than one year	2,543	2,543
– later than one year and not later than five years	1,421	2,693
for purchase of available for sale investments		
– not later than one year	18,740	43,147
	23,397	49,076

12. EVENT AFTER REPORTING PERIOD

In October 2010, the Group acquired an additional 30% equity interest in Causeway Bay 68 Limited. Details are included in the Circular to Shareholders dated 30 September 2010.

BUSINESS REVIEW

In the 2nd and 3rd quarters of 2010, we have continued to see a decoupling of the crisis hit developed western economies and the high growth emerging markets. In particular, it seems that Asia (ex-Japan) is back to boom time in spite of the lackluster traditional export growth engine to the west. This was due to growing regional trades as well as growing domestic consumption and fixed asset investments in large economies like China. Even politically unstable Thailand has registered close to double-digit growth and, since the political bloodshed in May, a roaring stock market.

On the back of massive stimulus measures in 2009, China began to feel the effects of inflation in many areas of the economy, from property prices to food and commodity prices. As a result, the government began to tighten liquidity by raising reserve requirement and interest rates, as well as putting increasingly severe restrictions on property purchases. While the housing market seems to have cooled recently, it is too early to say whether the government's efforts will be successful as food and commodity inflation continued unabated. Hong Kong, on the other hand, is now once again in the difficult position of having a historically low interest rate tied to loose US monetary policy and an economy tied to the high growth Chinese economy. The government is now taking active measures to tackle this challenging situation.

In spite of such turbulent markets, the Group has performed satisfactorily. For the interim period ended 30 September 2010, the Group had revenues including share of associates of HK\$68.3 million, compared to HK\$49.2 million in 2009. The increase was due mainly to rental contribution from the Club Lusitano building, which was acquired in the second half of the 2009-2010 fiscal year. On the other hand, profit for the period decreased to HK\$83.0 million, from HK\$130.2 million in 2009. This decrease in profit mainly came as a result of the smaller rise in the value of the Group's investment properties (held directly and indirectly through associated companies).

Property Investments

In August this year, the Group signed an agreement with our 50% JV partner in the 229,200 sq.ft. 68 Yee Wo Street property in Causeway Bay, Hong Kong (the Group already owned 30% of the JV) to acquire its shares in the JV company. Subsequently, the remaining 20% partner exercised its first right to acquire a pro-rata share of the sale shares. As a result, the Group acquired an additional 30% in the JV company, bringing our stake to 60%. This transaction was approved by the Group's shareholders in an SGM in October and the acquisition was completed in October. We are very pleased with this purchase and plan to hold this asset as a long-term core investment in our portfolio. As at 30 September 2010, the occupancy rate of the property was 87.8% while the fair market valuation of the property increased from HK\$1.77 billion to HK\$1.92 billion, contributing HK\$42.7 million share of profits of associates for the Group.

During the period, our newly acquired Club Lusitano building (16 Ice House Street in Central, Hong Kong) contributed HK\$11.9 million in rental income to the Group. Due to our hands-on asset management approach since taking over the property, we have been able to substantially increase rental rates for both renewals and new leases signed. As at 30 September 2010, the property enjoys an occupancy rate of 96.1%. We are very pleased with this acquisition and plan to hold the property as a long term investment for rental income and capital appreciation.

Rental income of the Shanghai K. Wah Centre (a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company) was relatively stable during the period, contributing associate's profit of HK\$5.5 million to the Group.

The Pioneer Building in Kwun Tong, Kowloon continued to enjoy a high occupancy rate (99.3% as at 30 September 2010) and contributed HK\$10.4 million in rental revenues during the interim. The Group's retail properties at Maximall, North Point (comprising of total of GFA 63,840 sq.ft.) generated rental revenues of HK\$2.1 million. Overall, the Group's direct investment properties portfolio contributed fair value increase of HK\$7.7 million during the period, with most of it coming from the Pioneer Building.

Investments in Hotel Industry

For the six months ended 30 September 2010, the newly rebranded Pullman Pattaya Aisawan Resort had revenues of Baht 83.8 million (2009: Baht 55.1 million) and operating profit of Baht 10.5 million (2009: loss of Baht 1.2 million). While operating results improved from the same period in 2009, the resort's performance was below expectations. This was due mainly to the Thai political crisis in April/May 2010. For the third time in as many years, the Thai tourism industry was hit by the deeply divisive political crisis in the country. This time a two-month siege of downtown Bangkok led to unprecedented violence and bloodshed. Hotels and resorts in Bangkok and Pattaya bore the brunt of this crisis as visitors stayed away.

The Group's 50% owned associated company holds 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. As the leading hotel company in Thailand, Dusit Thani was also hit hard by the aforementioned political storm. For the nine months ended 30 September 2010, Dusit Thani had revenues of Baht 1.99 billion (2009: Baht 1.96 billion) and net loss of Baht 208.8 million (2009: loss of Baht 110.6 million). The widening of net loss was due to higher operating costs as well as impairment of property values which were written down by the company's auditors in the wake of the Thai political crisis.

Pioneer Hospitality Siam (GBR) Limited (the Group's 49.5% owned Thai associate) owns 37.5% of a 79 acre land site at Cape Nga in Phuket, Thailand. The plan is to develop a world-class luxury resort with branded residences. Phase 1 of the project is planned as a 100-keys all villa resort and luxury residences. Recently, a management contract has been signed with Hyatt International to manage the resort as the Park Hyatt Phuket.

PROSPECTS

The acquisition of additional shares in the 68 Yee Wo Street project will allow the Group to consolidate its results as a subsidiary of the Company. This will lead to an increase in revenues and operating profit contribution to the Group in the future.

As reported previously, the management has been examining various proposals for a potential conversion of the Pioneer Building in Kwun Tong under Hong Kong government's new scheme which allows qualified industrial buildings to be converted to commercial use with nil premium. To take advantage of this scheme, an architectural firm has been selected. Currently, we plan to convert the podium space into retail/F&B use while the tower will become commercial office space. Based on existing tenancy agreements in the building, the conversion works may start as early as 2013.

Despite the deep political divide in the country, Thailand's economy performed remarkably well since bloodshed ended in May. The country achieved GDP growth of about 8.0% for the first half of the year. The country's stock market and currency also rallied and reached highs not seen since the Asia Financial Crisis more than 10 years ago. Equally surprising, Phuket as the leading tourism destination in Thailand was untouched by the political crisis, recording the second best tourist arrival numbers in the past 10 years (2007 being highest). Even for Pattaya, we are seeing healthy bookings for the upcoming high season, signally a return to normalcy in a relatively short time. This shows that the Thai economy and tourism industry are more resilient than most believed.

Having made timely asset disposals in the past 2 fiscal years, the Group is in a healthy liquidity position. We have taken advantage of this and have made acquisitions such as Club Lusitano and 68 Yee Wo Street which will provide positive contributions to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2010, the Group continued to enjoy a strong financial position with substantial unutilized bank facilities. At 30 September 2010, the Group's total liabilities to total assets ratio was 21.3% (31 March 2010: 22.2%) and total debt to total assets ratio was 17.2% (31 March 2010: 18.1%).

EMPLOYEES

As at 30 September 2010, the number of salaried staff not including associates was 16. 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 recommends the payment of an interim dividend for the six months ended 30 September 2010 at the rate of HK1.00 cent per share (2009: HK1.00 cent), payable on 4 January 2011 to all persons registered as shareholders on 3 January 2011. The transfer books and register of members of the Company will be closed from 29 December 2010 to 3 January 2011, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim 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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 28 December 2010.

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

During the six months ended 30 September 2010, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

CORPORATE GOVERNANCE

During the six months ended 30 September 2010, 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.

REVIEW OF INTERIM REPORT

The Audit Committee comprises three independent non-executive directors, including Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip. The Committee has reviewed and recommended for board approval of the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2010.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 24 November 2010

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.