



**Pioneer**  
**PIONEER GLOBAL GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00224)**

**RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2005**

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 (the “Group”) for the year ended 31 March 2005, together with the comparative figures for the corresponding period in 2004 as follows:

**FINAL RESULTS**

		<b>For the year ended</b>	
		<b>31 March</b>	
		<b>2005</b>	<b>2004</b>
		<b>(Audited)</b>	<b>(Audited)</b>
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover			
Company and subsidiaries	2	<b>32,048</b>	35,518
Share of listed associate		<b>60,459</b>	69,796
Share of unlisted associates		<b>29,799</b>	22,332
		<hr/>	<hr/>
		<b>122,306</b>	127,646
		<hr/>	<hr/>
Turnover of Company and subsidiaries		<b>32,048</b>	35,518
Properties operating expenses		<b>(3,801)</b>	(3,744)
Purchases for resale		<b>(101)</b>	(1,286)
Staff costs		<b>(8,880)</b>	(11,039)
Depreciation & amortisation		<b>(575)</b>	(822)
Other operating expenses		<b>(3,920)</b>	(5,034)
		<hr/>	<hr/>
		<b>(17,277)</b>	(21,925)
		<hr/>	<hr/>
Operating profit	2	<b>14,771</b>	13,593
Finance costs		<b>(1,440)</b>	(2,336)
Net profit on disposal of assets less impairment provisions		<b>21,411</b>	3,393
		<hr/>	<hr/>

		<b>34,742</b>	14,650
Share of profits and (losses) of associates			
Listed		<b>(275)</b>	7,017
Unlisted		<b>11,820</b>	5,062
		<hr/>	<hr/>
Profit before taxation		<b>46,287</b>	26,729
Taxation	3	<b>(650)</b>	(3,645)
		<hr/>	<hr/>
		<b>45,637</b>	23,084
Minority interests		<b>(35)</b>	(1,218)
		<hr/>	<hr/>
Profit attributable to shareholders		<b>45,602</b>	21,866
		<hr/>	<hr/>
Dividends	4	<b>11,541</b>	7,490
		<hr/>	<hr/>
Earnings per share (HK cents)	5	<b>6.01</b>	2.92
		<hr/>	<hr/>

*Notes:*

#### 1) BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The audited consolidated financial statements are prepared in accordance with Hong Kong Statements of Standard Accounting Practice. The accounting policies used in the preparation of the financial statements are consistent with those used in the annual financial statements for the previous financial year ended 31 March 2004.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (“HKAS”), herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether and to what extent these new HKFRSs would have an impact on its results of operation and financial position.

## 2) SEGMENT INFORMATION

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

### Business Segment

	Property and Hotels		Investments and Others		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Segment turnover						
Company and subsidiaries	<u>22,472</u>	<u>24,299</u>	<u>9,576</u>	<u>11,219</u>	<u>32,048</u>	<u>35,518</u>
Segment result	7,367	8,896	8,061	6,284	15,428	15,180
Unallocated corporate expenses					(657)	(1,587)
Operating profit					14,771	13,593
Finance costs					(1,440)	(2,336)
Net profit on disposal of assets less impairment provisions					21,411	3,393
Share of profits and (losses) of associates						
– Listed	–	–	(275)	7,017	(275)	7,017
– Unlisted	11,820	5,062	–	–	11,820	5,062
Taxation					(650)	(3,645)
Minority interests					(35)	(1,218)
					<u>45,602</u>	<u>21,866</u>

## 3) TAXATION

	2005			2004		
	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	761	(45)	716	1,419	(62)	1,357
(Over)/under provision in prior year	(65)	–	(65)	292	–	292
Overseas	19	–	19	6	–	6
	<u>715</u>	<u>(45)</u>	<u>670</u>	<u>1,717</u>	<u>(62)</u>	<u>1,655</u>
Associates – overseas						
Listed	(225)	(60)	(285)	1,311	277	1,588
Unlisted	120	145	265	326	76	402
	<u>610</u>	<u>40</u>	<u>650</u>	<u>3,354</u>	<u>291</u>	<u>3,645</u>

Hong Kong profits tax has been provided at the rate of 17.50% (2004 : 17.50%) 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.

#### 4) DIVIDENDS

	<b>2005</b> <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Interim dividend of HK 0.50 cent (2004: Nil) per ordinary share	<b>3,847</b>	–
Proposed final cash dividend of HK 1.00 cent (2004: scrip dividend with a cash option of HK1.00 cent) per ordinary share	<u><b>7,694</b></u>	<u>7,490</u>
	<u><b>11,541</b></u>	<u>7,490</u>

The 2005 final cash dividend of HK 1.00 cent (2004: scrip dividend with a cash option of HK 1.00 cent) per ordinary share has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

#### 5) EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$45,602,000 (2004 : Profit of HK\$21,866,000) and on weighted average number of 758,295,989 shares in issue during the year (2004: 749,036,972 shares in issue during the year).

No diluted earnings per share have been presented for the year ended 31 March 2005 and 31 March 2004 as the exercise prices of the share options granted by the Company were higher than the fair value per share at the balance sheet date.

#### 6) SUBSEQUENT EVENTS

- 1) In April 2005, the Group completed the closing of the following properties in Hong Kong:
  - a) Units 1 & 87 on the first floor, units 1 & 2 on the ground floor and units 9 & 10 on the basement floor of the podium of blocks 1, 2 & 3, City Garden, No. 233 Electric Road, Hong Kong for HK\$50.0 million.
  - b) Units 47 & 59 on the first floor of the podium of blocks 1, 2, & 3, City Garden, No. 233 Electric Road, Hong Kong for HK\$23.6 million.
  - c) Units 8 - 11 on the 18th floor of Great Eagle Centre, No. 23 Harbour Road, Wanchai, Hong Kong for HK\$34 million.

Details of transaction were provided in a circular to shareholders dated 6 June 2005.

- 2) In April 2005, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and Wachovia Development Corporation. The joint venture subsequently acquired a 22 storey commercial building on 251A-301 Avenida commercial de Macau in Macau for HK\$600 million. The Group's investment was HK\$80 million. Details of transaction were provided in circulars to shareholders dated 3 May 2005 and 15 July 2005 respectively.

## **FINAL DIVIDEND**

The Directors recommend the payment of a final dividend for the year ended 31 March 2005 at the rate of 1 HK cent per share, payable on 28 September 2005 to all persons registered as shareholders on 31 August 2005 (2004: scrip dividend with a cash option of 1 HK cent). The transfer books and register of members of the Company will be closed from 29 August 2005 to 31 August 2005, both days inclusive.

Payment of the final dividend is conditional upon the passing of an ordinary resolution at the forthcoming annual general meeting.

## **BUSINESS REVIEW**

Total turnover for the Group (including subsidiaries and share of associates) in the 12 months ended 31 March 2005 was HK\$122.3 million (2004: HK\$127.6 million). The turnover decreased mainly because of a drop in revenues from the Group's listed associate Siam Food Products Public Company Limited. On the other hand, I am pleased to report that net profit for the Group increased sharply to HK\$45.6 million from HK\$21.9 million in the same period in 2004. The increase in net profit was due mainly to profit from disposal of some of the Group's investment properties as well as lower operating expenses.

### **Property Investments**

For the 12 months ended 31 March 2005, the Group's directly held investment properties generated rental revenues of HK\$22.4 million, compared to HK\$24.3 million in 2004. Rental revenues decreased due to the disposal by the Group of some of its properties in the previous and current reporting periods. Profit from disposals during the period was HK\$14.0 million.

The Pioneer Building in Kwun Tong has continued to perform well and achieved an occupancy rate of 93.9% at the end of the period.

Phase II of the Pacific Plaza project in Shanghai (now named Shanghai K Wah Centre) was completed in first quarter 2005 as planned. Since its launch, the property has attracted strong demand from the market. As at the end of March 2005, the occupancy rate was already at 76%.

In May 2004, the Group formed a joint venture with Morgan Stanley Real Estate Funds and PamFleet Investments Limited to purchase the 217,625 sq.ft. 68 Yee Woo Street in Causeway Bay and the 640,000 sq.ft. Kowloon City Plaza in Kowloon City. During the period, the partners finalized repositioning plans for the properties.

The performance of Global Gateway, the Group's 20:80 joint venture with Morgan Stanley Real Estate Funds, has continued to improve. During the period under review, Global Gateway contributed profit of HK\$5.9 million to the Group (2004: Loss of HK\$1.8 million). Demand has been high at the company's Hong Kong asset in Tsuen Wan, pushing occupancy to over 90% during the period. Occupancy at the Singapore asset has remained at 32%.

### **Investments in Hotel Industry**

As noted in the last interim report, the 382 rooms Garden Beach Resort in Pattaya, Thailand has been renamed in November 2004 as the Aisawan Resort & Spa after an extensive renovation program and the addition of a full serviced destination spa. The repositioning exercise has been well received by the market. For the year ended 31 March 2005, the resort produced revenues of Baht 177.9 million and gross operating profits of Baht 83.0 million. While the December 2004 tsunami that struck many of the leading beach resorts in southern Thailand (and other Indian Ocean destinations) had a mild negative impact on the performance of Aisawan Resort & Spa due to cancellations from some long-haul markets to Southeast Asia in the first quarter of 2005, Pattaya was physically unaffected by the tragic event. And by the second quarter of 2005, business has recovered to the usual level. With the completion of the renovation program at the Aisawan Resort & Spa and the planned 2006 opening of the new Suvarnabhumi Airport in Bangkok, the Group is bullish on the future prospects of the resort and Pattaya as a destination.

The Group's associated company Grandsworth Pte. Limited owns 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. During the year ended December 2004, Dusit Thani continued to upgrade many of its hotels and resorts, including the on-going major renovation program at the flagship Dusit Thani Bangkok. In addition to upgrading its existing assets, the company purchased an existing hotel and land in Chiang Mai, which will be renovated and re-launched under the new "D2" brand. Furthermore, the company also purchased new land in Koh Samui (a popular island destination in the Gulf of Thailand) to be developed into a brand new Dusit resort and villa project. For the 12 months ended December 2004, Dusit Thani had revenues of Baht 2.58 billion (2003: Baht 2.25 billion) and net income of Baht 565.8 million (2003: Baht 314.4 million).

The three hotels in Yangon, Myanmar (the Strand Hotel, Dusit Inya Lake Resort, and Thamada Hotel) owned by the Group's unlisted associate, Strand Hotels International Limited, performed satisfactorily in the 2004 fiscal year. In the back of a 16% increase in tourist arrival for the country in 2004, the properties performed above budget and improved significantly from 2003. While the hotels continued to perform in line with expectation in the first quarter of 2005, the terrorist attacks in Yangon in May 2005 proved to be yet another in a seemingly endless series of set backs to the long suffering tourism market in Myanmar.

### **Other Investments**

For the year ended 31 December 2004, Siam Food Products Public Company Limited ("Siam Food"), a listed associate of the Group, reported revenues of Baht 2.25 billion (2003: Baht 2.46 billion) and net profit of Baht 30.58 million (2003: Baht 205.6 million). The substantial decrease in net profit was due to a loss of Baht 47.52 million in 2004 from the company's core pineapple canning operation (2003: profit of Baht 146.92 million). The reason for the company's net loss from operation was due mainly to high fruits cost. As a result of the unusual weather patterns of floods at the end of 2003 followed by drought in 2004, pineapple production in Thailand was 20% below projection. In addition, manufacturing costs were hit by the increase in international commodities prices, which affected the

costs of cans, fuel, steel, and chemicals. Overall, Siam Food was able to achieve a net profit in 2004 due to the strength of the company's industrial estate business. As an associated company, the Group recorded a loss of HK\$0.3 million for the year ended 31 March 2005 (2004: profit of HK\$7.0 million).

## **LIQUIDITY AND FINANCIAL RESOURCES**

As of 31 March 2005, 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 equity ratio was 24.8% (March 2004: 9.3%) and the net debt (net of cash and cash equivalent) to equity ratio was 17.9% (March 2004: 5.9%).

## **PROSPECTS**

In March and April 2005, the Group purchased a total of approximately 63,840 sq.ft. of retail space in Maximall, City Garden, North Point of Hong Kong from three different vendors for a total consideration of HK\$117.7 million. Details of the transactions were provided in a circular to shareholders dated 6 June 2005. The Group plans to turn the entire basement of Maximall into a themed education center for young children. The design and planning stage for the project is nearing completion and the center is expected to open in the last quarter of 2005.

In April 2005, the Group also purchased an investment property, approximately 6,630 sq.ft. comprising 4 contiguous office units in Great Eagle Centre which is a high-grade commercial building located at the harbour front of Wan Chai, Hong Kong. The total consideration was HK\$34.0 million.

In April 2005, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and Wachovia Development Corporation to acquire a 22-storey, approximately 437,000 sq.ft. commercial building in Macau for HK\$600 million. The Group has 25% interest in the joint venture. Details of the transaction were provided in circulars to shareholders dated 3 May 2005 and 15 July 2005 respectively. The partners plan to renovate and reposition the property into an international class A office/retail/entertainment building. Plans are being finalized and renovation work is expected to be completed by the first quarter of 2006.

In May 2005, Global Gateway signed a sale & purchase agreement to sell its Hong Kong and Singapore assets for the consideration of HK\$754.2 million and S\$4.2 million respectively. The sale of the Hong Kong asset was completed in June 2005 while the sale of the Singapore asset is expected to be completed soon pending satisfaction of certain outstanding conditions. The sale will generate a profit before taxation of approximately HK\$250 million for Global Gateway.

Going forward, the Group plans to continue to look for attractive real estate and hotels investments in the region.

## **EMPLOYEES**

As at 31 March 2005, the number of salaried staff at the holding company level was 15 (2004: 28). 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. Share options are granted by the Board of Directors to staff members as appropriate.

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company has purchased its shares on the Stock Exchange. Details are as follows:

<b>Date of purchase</b>	<b>No. of shares purchased</b>	<b>Highest price paid per share</b> <i>HK\$</i>	<b>Lowest price paid per share</b> <i>HK\$</i>
11 May 2004	28,000	0.200	0.195

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the shares of the Company during the year.

## AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 March 2005 and discussed with management the accounting principles and practices adopted by the Group as well as internal control and financial reporting matters.

## COMPLIANCE WITH CODE OF BEST PRACTICE

Throughout the year ended 31 March 2005, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange, which was still in force prior to 1 January 2005, except that the independent non-executive directors have no specific term of office but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws.

## PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The Annual Report of the Group for the year ended 31 March 2005 containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules in force prior to 31 March 2004, which remain applicable to results announcement in respect of accounting period commencing before 1 July 2004 under transitional arrangements, will be published on the Stock Exchange's website (<http://www.hkex.com.hk>) in due course.

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

Hong Kong, 18 July 2005

*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., The Hon. Bernard Charnwut Chan and Mr. Arnold Tin Chee Ip.*