Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 00224)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2006

The Board of Directors of Pioneer Global Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2006, together with the comparative figures for the corresponding period in 2005 as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	For the year ended 31 March 2006 (Audited) *HK$'000*	2005 (Audited) *HK$'000* (Restated)
Turnover			
Company and subsidiaries		**45,853**	32,048
Share of listed associate		**63,656**	60,459
Share of unlisted associates		**32,641**	29,799
		142,150	122,306
Turnover of Company and subsidiaries	*3*	**45,853**	32,048
Properties operating expenses		**(11,180)**	(3,801)
Staff costs		**(12,308)**	(8,880)
Depreciation & amortisation		**(1,933)**	(575)
Other expenses		**(5,553)**	(4,021)
		(30,974)	(17,277)
Operating profit		**14,879**	14,771
Share of profits and (losses) of associates			
Listed		**1,330**	(275)
Unlisted		**69,570**	53,746
Change in fair value of investment properties		**62,318**	28,884
Other gains and losses		**3,519**	13,707
Finance costs		**(8,774)**	(1,440)
Profit before taxation		**142,842**	109,393
Taxation – current	*4*	**(1,419)**	(610)
– deferred	*4*	**(11,505)**	(5,095)
Profit for the year		**129,918**	103,688
Attributable to:			
Minority interests		**399**	35
Shareholders of the Company		**129,519**	103,653
		129,918	103,688
		HK cents	*HK cents*
Earnings per share	*6*	**16.83**	13.67

CONSOLIDATED BALANCE SHEET

	31 March 2006 (Audited) *HK$'000*	31 March 2005 (Audited) *HK$'000* (Restated)
ASSETS		
Non-current assets		
Investment properties	**393,300**	236,637
Associates – listed	**–**	54,938
– unlisted	**356,273**	232,494
Investments – available for sale investments	**274,777**	–
Investment securities and other investments	**–**	159,402
Property, plant and equipment	**23,612**	2,219
Leasehold land	**11,358**	–
Other assets	**1,458**	59,127
	1,060,778	744,817
Current assets		
Debtors, advances & prepayments	**68,594**	29,114
Investments – financial assets at fair value	**20,426**	–
Other investments	**–**	30,293
Cash and bank balances	**25,559**	46,258
	114,579	105,665
Total assets	**1,175,357**	850,482
EQUITY		
Share capital	**76,935**	76,935
Reserves	**838,119**	558,892
Shareholders' funds	**915,054**	635,827
Minority interests	**16,409**	1,481
Total equity	**931,463**	637,308
LIABILITIES		
Non-current liabilities		
Secured bank loans	**100,200**	21,450
Deferred tax liabilities	**42,427**	31,774
	142,627	53,224
Current liabilities		
Creditors & accruals	**12,315**	15,586
Secured bank loans	**87,921**	143,700
Tax liabilities	**1,031**	664
	101,267	159,950
Total liabilities	**243,894**	213,174
Total equity and liabilities	**1,175,357**	850,482

Notes:

1. Basis of preparation

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

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

The HKICPA has issued a number of new and revised HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as "new HKFRSs") that are effective for accounting period beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the financial statements. The changes in presentation have been applied retrospectively.

The adoption of the new HKFRSs has also resulted in changes to the Group's accounting policies. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements.

(a) *Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39, Financial instruments: Recognition and measurement)*

In prior years, investments in securities, other than investments in subsidiaries and associates, were classified as investment securities and other investments. Investment securities are securities intended to be held on a continuous basis and they were stated at cost less provision for impairment losses. Other investments are securities other than investment securities and they were stated at fair value. Changes in fair value were recognized in the income statement.

Following the adoption of HKAS 32 & 39, investments in securities are classified into three categories: held-to-maturity debt securities, financial assets and available for sale investments. Held-to-maturity debt securities are carried at amortized cost using the effective interest method. Financial assets are stated at fair value with changes recognized in the income statement. Available for sale investments are carried at fair value with any changes recognized in equity. The Group has adopted HKAS 32 & 39 prospectively.

	Effect of HKAS 39 for the year ended 31 March 2006 *HK$'000* Increase (decrease)
Consolidated Balance Sheet:	
Available for sale investments	106,364
Unlisted associates	57,666
Consolidated Equity:	
Investment revaluation reserve	164,030

(b) *Investment Property (HKAS 40, Investment property and HK (SIC) Interpretation 21, Income taxes – Recovery of revalued non-depreciable assets)*

In prior years, investment properties were valued annually by independent professional valuers on an open market basis. Changes in the value of investment properties are dealt with in the investment properties revaluation reserve. If the total of these reserves was insufficient to cover a deficit on a portfolio basis, the excess of deficit was charged to the income statement. On disposal of a revalued investment property, the relevant revaluation surplus or deficit was transferred to the income statement.

Following the adoption of HKAS 40, the Group has elected to use the fair value model to account for investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognized directly in the income statement for the period in which they arise. This change in accounting policy has been applied retrospectively.

In prior years, the deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale. HK (SIC) Interpretation 21 removes the presumption that the carrying amount of investment properties is to be recovered through sale but rather recovered through use. This change in accounting policy has been applied retrospectively.

	Restatement of opening balances as a result of adoption of HKAS 40 and HK (SIC) Interpretation 21		
	31 March 2004	**Prior period adjustments**	**1 April 2004**
	HK$'000	*HK$'000*	*HK$'000*
		Increase (decrease)	
Consolidated Balance Sheet			
Deferred tax liabilities	2,554	24,346	26,900
Consolidated Equity			
Investment property revaluation reserve	146,822	(146,822)	–
Retained earnings	(37,269)	122,476	85,207

	Effect of HKAS 40 and HK (SIC) Interpretation 21	
	31 March 2006	31 March 2005
	HK$'000	*HK$'000*
	Increase (decrease)	Increase (decrease)
Consolidated Balance Sheet		
Deferred tax liabilities	**40,420**	29,401
Consolidated Income Statement		
Change in fair value of investment properties	**62,318**	28,884
Share of results of unlisted associates	**22,624**	41,926
Other gains and (losses)	**–**	(7,704)
Taxation – deferred	**11,019**	5,055
Net Profit for the year	**73,923**	58,051
Earnings per share	**HK9.61 cents**	HK7.66 cents

3. Segment information

Business Segment

	Properties and hotels		**Investments and others**		**Consolidated**	
	2006	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000* (Restated)
Segment turnover						
Company and subsidiaries	**36,744**	22,472	**9,109**	9,576	**45,853**	32,048
Segment result	**7,438**	7,367	**7,961**	8,061	**15,399**	15,428
Unallocated corporate expenses					**(520)**	(657)
Operating profit					**14,879**	14,771
Share of profits and (losses) of associates						
– Listed	**–**	–	**1,330**	(275)	**1,330**	(275)
– Unlisted	**69,570**	53,746	**–**	–	**69,570**	53,746
Change in fair value of investment properties	**62,318**	28,884	**–**	–	**62,318**	28,884
Other gains and (losses)	**(6,857)**	6,254	**10,376**	7,453	**3,519**	13,707
Finance costs					**(8,774)**	(1,440)
Taxation					**(12,924)**	(5,705)
Minority interests					**(399)**	(35)
Profit attributable to shareholders					**129,519**	103,653

4. Taxation

	2006 Current taxation *HK$'000*	2006 Deferred taxation *HK$'000*	2006 Total *HK$'000*	2005 Current taxation *HK$'000*	2005 Deferred taxation *HK$'000*	2005 Total *HK$'000*
Hong Kong	**378**	**11,505**	**11,883**	761	5,010	5,771
– over provision in prior year	**(506)**	**–**	**(506)**	(65)	–	(65)
Overseas	**78**	**–**	**78**	(86)	85	(1)
– under provision in prior year	**1,469**	**–**	**1,469**	–	–	–
	1,419	**11,505**	**12,924**	610	5,095	5,705

Hong Kong profits tax has been provided at the rate of 17.50% (2005: 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.

5. Dividend

	2006 *HK$'000*	2005 *HK$'000*
Interim dividend of HK0.50 cent (2005: HK0.50 cent) per ordinary share	**3,847**	3,847
Proposed final dividend of HK1.20 cent (2005: HK1.00 cent) per ordinary share	**9,232**	7,694
	13,079	11,541

The 2006 final cash dividend of HK1.20 cent (2005: HK1.00 cent) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholder at the forthcoming annual general meeting.

6. Earnings per share

Earnings per share is calculated on profit attributable to shareholders amounting to HK$129,519,000 (2005 (Restated): HK$103,653,000) and on 769,359,104 shares (2005: on weighted average number of 758,295,989 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2006 and 2005 as the Company had no dilutive potential ordinary shares during both years.

7. Events after balance sheet date

In May 2006, the Group acquired a Hong Kong incorporated company for HK$82,000,000. The acquired company is a holding company which owns the whole of 1st, 2nd, 22nd, 25th, 27th, 29th, 31st and 35th floors of Morrison Plaza, Wanchai, Hong Kong. Details of the purchase were provided in a circular to the shareholders on 15 May 2006.

In June 2006, the Group entered into a provisional sale and purchase agreement to dispose of the whole of 1st and 2nd floors of Morrison Plaza, Wanchai, Hong Kong for HK$33,000,000. Details of the disposal were provided in a circular to the shareholders on 26 June 2006.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend for the year ended 31 March 2006 at the rate of HK1.20 cent (2005: HK1.00 cent) per share, payable on 9 October 2006 to all persons registered as shareholders on 8 September 2006. The transfer of books and register of members of the Company will be closed from 5 September 2006 to 8 September 2006, 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

I am pleased to report that the Group's total turnover (including share of associates) for the year ended 31 March 2006 was HK$142.1 million, representing a 16.2% increase from the same period in 2005 (2005: HK$122.3 million). The increase in turnover was due mainly to rental contribution from newly acquired assets, advisory fee earned from the sale of Global Gateway (Hong Kong), and revenue growth from Aisawan Resort & Spa.

I am also pleased to report that the Group's net profit for the year ended 31 March 2006 was HK$129.9 million, which is a 25.3% increase over the restated 2005 net profit of HK$103.7 million. The increase in net profit was due primarily to strong performance from unlisted associates and fair value increase of investment properties.

As reported in the interim report, the reason for the restatement of 2005 net profit was because this year's net profit has been affected by the adoption of the new revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards. In the past, all investment property revaluation gains are accumulated under reserves in the balance sheet and only revaluation losses are reflected in the income statement if revaluation falls below book cost. Under the new standards, all revaluation gains (or losses) during the period are reflected in the income statement. The adjustments and impact on the financial statements as a result of change of accounting policies are set out in Note 2.

Property Investments

Overall, the Group's property investments have performed satisfactorily.

The Pioneer Building in Hong Kong contributed rental revenues of HK$19.3 million during the reporting period and continued to enjoy a high occupancy rate (95.6% as at 31 March 2006).

The Shanghai K Wah Centre has leased well since its launch and the building has achieved full occupancy as at the end of this reporting period.

In 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 (KCP) in Kowloon City. The properties were purchased by the JV consortium through a securitization vehicle with an existing debt of HK$1.2 billion. In September 2005, the JV consortium successfully refinanced the debt and increased leverage to HK$1.5 billion. A large portion of the refinancing proceeds have been distributed to the shareholders and the Group's share of the distribution was HK$12.0 million. After renovation works were completed at the main lobby and show suite, 68 Yee Woo Street was re-launched to the market. As of to-date, most interior works at KCP have been completed while all exterior works are expected to be completed by October this year.

During the year, Global Gateway sold its remaining assets in Hong Kong and Singapore for a total consideration of about HK$776.7 million. While the Group's actual share of profit from Global Gateway was HK$57.9 million, the accounting profit reported during this period was only HK$16.0 million as HK$41.9 million of the profit was restated in the previous period under the new accounting standards. In terms of cash receipt, the Group received a distribution of HK$107.7 million from Global Gateway's sale of its assets. In addition to the profit on the sale, the Group has also been paid an advisory fee of HK$7.5 million in connection to this transaction.

In March and April 2005, the Group purchased a total of 63,840 sq.ft. in Maximall, City Garden, North Point for a total consideration of HK$117.7 million. During the period, the Group transformed the entire basement of Maximall into a themed education center for young children managed by an independent operator under the trade name “QQ Club”. Revenues to the Group are in the form of fixed minimum rent plus percentage of turnover. “QQ Club” opened in January 2006 with all of its space 100% pre-leased.

In April 2005, the Group formed a joint venture with an investment fund and a Thai investor (as local operating partner) to acquire a portfolio of houses from the “Non-Performing Assets” portfolio of the Government Housing Bank of Thailand. As at the end of March 2006, 151 houses have been purchased at a total cost of about Baht 195.4 million and out of which 39 houses were re-sold at an average profit margin of 22.2%. The Group’s participation is 40% in the joint venture.

In May 2005, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and Wachovia Development Corporation to acquire a 22-storey, 437,000 sq.ft. commercial building in Macau for HK$600.0 million. The joint venture is currently renovating the property into a class-A commercial/retail/entertainment building. In January 2006, the U.S. insurance giant AIA selected the building as its new headquarters in Macau and signed a long term lease to become our anchor tenant. The building has since been renamed as “AIA Tower, Macau”. All renovation works at AIA Tower are expected to be completed by August this year.

During the year, the Group became a strategic partner in Gateway China Fund I, a US$198.9 million real estate fund focused on China, Hong Kong and Macau. Under the preference share subscription, the Group shall receive a fixed dividend per annum from the Fund and receive a share of the incentive fees paid to the Fund’s manager Gateway Capital. Separately, a 50% owned associate company of the Group has also committed US$10 million of capital to the Fund.

Investments in Hotel Industry

Despite the devastation of the December 2004 tsunami that hit many beach resorts in the Andaman Sea and Indian Ocean and the delay in the opening of the new Suvarnabhumi Airport in Bangkok, the Pattaya hotel market has experienced strong growth. For the 12 months ended 31 March 2006, the Aisawan Resort & Spa produced revenues of Baht 285.1 million (2005: Baht 177.9 million) and gross operating profits of Baht 156.2 million (2005: Baht 83.0 million). With the expected opening of the Suvarnabhumi Airport in July this year which will cut travel time to Pattaya for international travelers landing in Bangkok by 50% (to approximately 60 minutes), the management expects the Aisawan Resort & Spa to continue to perform strongly. In order to continue upgrading the resort to take advantage of the growing market, Aisawan Resort & Spa will renovate all of its Garden Villa rooms, including the construction of new pool and deck areas, during the summer months. Through an associate company, Aisawan Resort & Spa contributed HK$10.9 million to the Group during the period (2005: HK$4.9 million).

The Group’s associate company Pioneer iNetwork Limited owns 10.3% of Dusit Thani Public Company Limited (“Dusit Thani”), the leading owner and operator of hotels in Thailand. During the 12 months ended 31 December 2005, Dusit Thani had revenues of Baht 2.83 billion (2004: Baht 2.58 billion) and net income of Baht 245.1 million (2004 (restated): Baht 576.4 million which included a debt restructuring gain of Baht 364.1 million).

Other Investments

The Group’s investment in Siam Food Products Public Company Limited was sold for HK$56.8 million on 29 March 2006. The disposal resulted in a gain of HK$9.7 million with details provided in a circular to shareholders on 27 April 2006.

The Group owns about 4.1% of Asia Financial Holdings Ltd ("AFH"), a listed financial institution in Hong Kong. In February 2006, AFH entered into a share sale agreement with JCG Holdings Limited in relation to the disposal of the entire share capital of AFH's wholly owned subsidiary, Asia Commercial Bank Ltd ("ACB"). The consideration of the share sale was about HK$4.5 billion which represents 2.5 times the unaudited consolidated net assets of ACB as at 30 June 2005. AFH estimated that the disposal will generate a profit of about HK$2.5 billion for the year ending 31 December 2006. The Group's investment in AFH was recorded at HK$159.7 million based on the closing price of AFH on 31 March 2006.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2006, the Group continued to enjoy a strong financial position, maintaining substantial unutilized bank facilities. At the balance sheet date, the Group's total debt to shareholders' fund ratio was 20.6% (March 2005: 26.0%) and the net debt (net of cash and cash equivalents) to shareholders fund ratio was 17.8% (March 2005: 18.7%).

PROSPECTS

In May 2006, the Group acquired a Hong Kong incorporated company for HK$82.0 million. The acquired company is a holding company which owns the whole of 1st, 2nd, 22nd, 25th, 27th, 29th, 31st and 35th floors of Morrison Plaza, Wanchai, Hong Kong. The total GFA is about 29,540 sq.ft. and except for the 1st and 2nd floors, all space has been leased. Subsequently in June 2006, the Group entered into a provisional sale and purchase agreement to dispose of the vacant 1st and 2nd floors. The expected sale will generate a gain of about HK$7.0 million before taxation. Details of the disposal were provided in a circular to the shareholders on 26 June 2006.

During the period, the Group has made a number of new property investments and all of these new projects are progressing in accordance with plan. Going forward, the Group plans to enhance its existing portfolio of assets while continuing to look selectively for attractive real estate and hotels investments in the region.

EMPLOYEES

As at 31 March 2006, the number of salaried staff at the holding company level was 18 (2005: 15). 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.

ANNUAL GENERAL MEETING

It is proposed that the annual general meeting of the Company will be held on 12 September 2006. The Notice of annual general meeting will be published and dispatched to shareholders in due course.

CORPORATE GOVERNANCE

During the year ended 31 March 2006, 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, except for the following deviation:

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The Independent Non-executive Directors have no specific term of office but are subject to retirement by rotation and re-election in accordance with the provisions of the Company's Bye-Laws. According to the Bye-Laws of the Company, at every annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office. The Directors to retire on each occasion shall be those who have been longest in office since their last election. Accordingly, no Director has a term of appointment longer than three years.

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

During the year, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31 March 2006.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 11 July 2006

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