



**Pioneer**  
**PIONEER GLOBAL GROUP LIMITED**  
*(Incorporated in Bermuda with limited liability)*

website: <http://www.pioneerglobalgroup.com>

**(Stock Code : 00224)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006**

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 2006, together with the comparative figures for the corresponding period in 2005 as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

|   | <i>Note</i> | For the six months ended                               |  |
|---|-------------|--|--|
|   |             | 30 September<br>2006<br>(Unaudited)<br><i>HK\$'000</i> | 2005<br>(Unaudited)<br><i>HK\$'000</i><br>(Restated) |
| Turnover                                      |             |  |  |
| Company and subsidiaries                      |             | 24,051   | 28,634   |
| Share of listed associate                     |             | –  | 30,103   |
| Share of unlisted associates                  |             | 11,665   | 15,122   |
|   |             | <u>35,716</u>  | <u>73,859</u>  |
| Turnover of Company and subsidiaries          | 2           | <u>24,051</u>  | <u>28,634</u>  |
| Properties operating expenses                 |             | (6,162)  | (4,938)  |
| Staff costs                                   |             | (4,780)  | (4,996)  |
| Depreciation and amortisation                 |             | (1,645)  | (226)  |
| Other expenses                                |             | (2,299)  | (3,135)  |
|   |             | <u>(14,886)</u>  | <u>(13,295)</u>                                      |
| Operating profit                              | 2           | <u>9,165</u>   | <u>15,339</u>  |
| Share of profits of associates                |             |  |  |
| Listed  |             | –  | 111  |
| Unlisted                                      |             | 44,603   | 19,364   |
| Change in fair value of investment properties |             | 25,633   | 57,854   |
| Other gains and losses                        | 3           | 9,700  | (2,280)  |
| Finance costs                                 |             | (4,776)  | (4,398)  |
|   |             | <u>84,325</u>  | <u>85,990</u>  |
| Profit before taxation                        |             |  |  |
| Taxation                                      |             |  |  |
| – current                                     | 4           | (264)  | 442  |
| – deferred                                    | 4           | (4,846)  | (10,311)   |
|   |             | <u>79,215</u>  | <u>76,121</u>  |
| Profit for the period                         |             | <u>79,215</u>  | <u>76,121</u>  |
| Attributable to:                              |             |  |  |
| Minority interests                            |             | 707  | 405  |
| Shareholders of the Company                   |             | 78,508   | 75,716   |
|   |             | <u>79,215</u>  | <u>76,121</u>  |
| Interim dividend                              | 5           | <u>3,847</u>   | <u>3,847</u>   |
|   |             | <i>HK cents</i>  | <i>HK cents</i>                                      |
| Earnings per share                            | 6           | <u>10.20</u>   | <u>9.84</u>  |

## CONDENSED CONSOLIDATED BALANCE SHEET

|   | <i>Note</i> | <b>30 September<br/>2006<br/>(Unaudited)<br/>HK\$'000</b> | 31 March<br>2006<br>(Audited)<br>HK\$'000 |
|---|-------------|---|---|
| <b>ASSETS</b>                                   |             |   |   |
| Non-current assets                              |             |   |   |
| Investment properties                           |             | <b>518,933</b>  | 393,300                                   |
| Associates (unlisted)                           |             | <b>402,518</b>  | 356,273                                   |
| Investments – available for<br>sale investments |             | <b>348,350</b>  | 274,777                                   |
| Property, plant and equipment                   |             | <b>23,143</b>   | 23,612                                    |
| Leasehold land                                  |             | <b>11,240</b>   | 11,358                                    |
| Other assets                                    |             | <b>1,323</b>  | 1,458                                     |
|   |             | <b>1,305,507</b>  | 1,060,778                                 |
| Current assets                                  |             |   |   |
| Debtors, advances and prepayments               |             | <b>5,848</b>  | 68,594                                    |
| Investments – financial assets<br>at fair value |             | <b>4,982</b>  | 20,426                                    |
| Cash and bank balances                          |             | <b>21,764</b>   | 25,559                                    |
|   |             | <b>32,594</b>   | 114,579                                   |
| <b>Total assets</b>                             |             | <b>1,338,101</b>  | 1,175,357                                 |
| <b>EQUITY</b>                                   |             |   |   |
| Share capital                                   | 7           | <b>76,935</b>   | 76,935                                    |
| Reserves  |             | <b>969,510</b>  | 838,119                                   |
| Shareholders' fund                              |             | <b>1,046,445</b>  | 915,054                                   |
| Minority interests                              |             | <b>17,011</b>   | 16,409                                    |
| <b>Total equity</b>                             |             | <b>1,063,456</b>  | 931,463                                   |
| <b>LIABILITIES</b>                              |             |   |   |
| Non-current liabilities                         |             |   |   |
| Secured bank loans                              |             | <b>100,200</b>  | 100,200                                   |
| Deferred taxation                               |             | <b>52,924</b>   | 42,427                                    |
|   |             | <b>153,124</b>  | 142,627                                   |
| Current liabilities                             |             |   |   |
| Creditors and accruals                          |             | <b>18,082</b>   | 12,315                                    |
| Secured bank loans                              |             | <b>103,401</b>  | 87,921                                    |
| Taxation  |             | <b>38</b>   | 1,031                                     |
|   |             | <b>121,521</b>  | 101,267                                   |
| <b>Total liabilities</b>                        |             | <b>274,645</b>  | 243,894                                   |
| <b>Total equity and liabilities</b>             |             | <b>1,338,101</b>  | 1,175,357                                 |

## NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2006

### 1. Basis of Presentation and Accounting Policies

These unaudited consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard No. 34 - Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants. 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 2006, except for the adoption of the new Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”), which are effective for periods beginning on or after 1 January 2006. Such adoption did not result in material changes to the Group’s accounting policies.

The 2005 comparative figures have been restated and classified to conform to the HKFRSs and HKASs adopted for the year ended 31 March 2006.

### 2. Segment Information

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

|   | For the period ended 30 September |               |                        |              |                      |                      |
|---|-----------------------------------|---------------|------------------------|--------------|----------------------|----------------------|
|   | Property and Hotel                |               | Investments and Others |              | Consolidated         |                      |
|   | 2006                              | 2005          | 2006                   | 2005         | 2006                 | 2005                 |
|   | HK\$'000                          | HK\$'000      | HK\$'000               | HK\$'000     | HK\$'000             | HK\$'000             |
|   |                                   |               |                        |              |                      | (Restated)           |
| <b>Segment turnover</b>                       |                                   |               |                        |              |                      |                      |
| Group   | <u>16,734</u>                     | <u>22,051</u> | <u>7,317</u>           | <u>6,583</u> | <u>24,051</u>        | <u>28,634</u>        |
| <b>Segment result</b>                         | <u>2,748</u>                      | 10,343        | <u>6,886</u>           | 5,837        | <u>9,634</u>         | 16,180               |
| Unallocated corporate expenses                |                                   |               |                        |              | <u>(469)</u>         | <u>(841)</u>         |
| Operating profit                              |                                   |               |                        |              | <u>9,165</u>         | 15,339               |
| Share of profits of associates                |                                   |               |                        |              |                      |                      |
| – Listed                                      | –                                 | –             | –                      | 111          | –                    | 111                  |
| – Unlisted                                    | <u>44,603</u>                     | 19,364        | –                      | –            | <u>44,603</u>        | 19,364               |
| Change in fair value of investment properties | <u>25,633</u>                     | 57,854        | –                      | –            | <u>25,633</u>        | 57,854               |
| Other gains and losses                        | <u>9,079</u>                      | (147)         | <u>621</u>             | (2,133)      | <u>9,700</u>         | (2,280)              |
| Finance costs                                 |                                   |               |                        |              | <u>(4,776)</u>       | (4,398)              |
| Taxation                                      |                                   |               |                        |              | <u>(5,110)</u>       | (9,869)              |
| Minority interests                            |                                   |               |                        |              | <u>(707)</u>         | (405)                |
|   |                                   |               |                        |              | <u><u>78,508</u></u> | <u><u>75,716</u></u> |

### 3. Other Gains and Losses

|  | 2006                | 2005                  |
|--|---------------------|-----------------------|
|  | HK\$'000            | HK\$'000              |
| Change in fair value of financial assets | <u>661</u>          | (2,133)               |
| Negative goodwill recognised             | <u>9,079</u>        | –                     |
| Others                                   | <u>(40)</u>         | (147)                 |
|  | <u><u>9,700</u></u> | <u><u>(2,280)</u></u> |

#### 4. Taxation

|                                  | 2006                                   |   |                          | 2005                                   |   |                          |
|----------------------------------|--|---|--------------------------|--|---|--------------------------|
|                                  | Current<br>taxation<br><i>HK\$'000</i> | Deferred<br>taxation<br><i>HK\$'000</i> | Total<br><i>HK\$'000</i> | Current<br>taxation<br><i>HK\$'000</i> | Deferred<br>taxation<br><i>HK\$'000</i><br>(Restated) | Total<br><i>HK\$'000</i> |
| The Company and its subsidiaries |  |   |                          |  |   |                          |
| Hong Kong                        | 209                                    | 4,846                                   | 5,055                    | (461)                                  | 10,370  | 9,909                    |
| Overseas                         | 55                                     | -                                       | 55                       | 19                                     | (59)  | (40)                     |
|                                  | <u>264</u>                             | <u>4,846</u>                            | <u>5,110</u>             | <u>(442)</u>                           | <u>10,311</u>   | <u>9,869</u>             |

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) 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.

#### 5. Interim Dividend

The Board of Directors declares an interim dividend of HK0.50 cent per share (2005: HK0.50 cent), totaling HK\$3,847,000 for the six months ended 30 September 2006 (2005: HK\$3,847,000) to shareholders whose names appear on the register of members of the Company at the close of business on 8 February 2007. This amount is not included as a liability in these interim financial statements.

#### 6. Earnings Per Share

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$78,508,000 (2005: restated profit of HK\$75,716,000) and on 769,359,104 shares in issue during both periods of 2005 and 2006.

No diluted earnings per share have been presented for the periods ended 30 September 2006 and 30 September 2005 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.

#### 7. Share Capital

|  | No. of Shares<br>of HK\$0.10 each | <i>HK\$'000</i> |
|--|-----------------------------------|-----------------|
| Authorised                             |                                   |                 |
| At 30 September 2006 and 31 March 2006 | <u>2,000,000,000</u>              | <u>200,000</u>  |
| Issued and fully paid                  |                                   |                 |
| At 30 September 2006 and 31 March 2006 | <u>769,359,104</u>                | <u>76,935</u>   |

#### 8. Contingent Liabilities and Commitments

|   | 30 September<br>2006<br><i>HK\$'000</i> | 31 March<br>2006<br><i>HK\$'000</i> |
|---|---|-------------------------------------|
| Guarantees  |   |                                     |
| - on utility deposits                               | 486                                     | 486                                 |
| Commitments   |   |                                     |
| - for total future minimum lease payments           |   |                                     |
| - not later than one year                           | 3,251                                   | 5,493                               |
| - later than one year and not later than five years | <u>1,322</u>                            | <u>2,919</u>                        |

#### 9. Event after Balance Sheet Date

In October 2006, the Group received from Asia Financial Holdings Ltd ("AFH") a special dividend of HK\$51.4 million. AFH is a financial institution listed on the Stock Exchange of Hong Kong. The Group has held about 4.1% shareholding of AFH.

## **INTERIM DIVIDEND**

The Board of Directors recommends the payment of an interim dividend for the six months ended 30 September 2006 at the rate of HK0.50 cent per share (2005: HK0.50 cent), payable on 13 February 2007 to all persons registered as shareholders on 8 February 2007. The transfer books and register of members of the Company will be closed from 5 February 2007 to 8 February 2007, both days inclusive.

## **BUSINESS REVIEW**

I am pleased to report that net profit for the Group during the six months period ended 30 September 2006 increased by 4% to HK\$79.2 million (2005 (restated): HK\$76.1 million). The investment properties owned by the Group or through its associates have continued to enjoy a healthy increase in asset value.

During the previous reporting period, the Group sold its stake in listed associate Siam Food Products and disposed all properties of Global Gateway. As a result, turnover of the Group and its share of associates for the period decreased to HK\$35.7 million (2005: HK\$73.8 million).

### **Property Investments**

During the six months period ended 30 September 2006, the Pioneer Building contributed rental revenues of HK\$9.4 million (2005: HK\$9.3 million) while continuing to enjoy a high occupancy rate of 94% as at the end of the period. In addition, the Pioneer Building also contributed a gain of HK\$24.0 million from increase in fair value.

The Shanghai K. Wah Centre has also performed well, with close to full occupancy as at the end of this reporting period. During the period, this project contributed HK\$32.3 million (2005: HK\$1.1 million) to the Group as an associate company. The increase was mainly attributable to the increase in fair value of Shanghai K. Wah Centre.

The Group has a joint venture with Morgan Stanley Real Estate Funds and PamFleet Investments Limited, which owns 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. During the year, KCP underwent a major refurbishment program, which was completed in November 2006. As at the end of the period, occupancy rates at KCP and 68 Yee Woo Street were 60% and 80% respectively.

In March and April 2005, the Group purchased a total of 63,840 sq.ft. in Maximall, City Garden, North Point from three different vendors for a total consideration of HK\$117.7 million. Revenues from this asset was HK\$2.5 million for the period.

The AIA Tower Macau is a 437,000 sq.ft. commercial building held by a joint venture between the Group, Morgan Stanley Real Estate Funds and Wachovia Development Corporation. The renovation program for the building was completed as planned in the second quarter of 2006. In addition to the anchor tenant AIA, other tenants including GE Medical and Emperor Group have already moved into the building. And 3 large F&B operators have also signed on as tenants, one of which will be the first roof-top restaurant and bar in Macau. For the period, this project contributed HK\$9.8 million to the Group as an associate company.

In May 2006, the Group purchased strata units of total GFA 29,540 sq.ft. in Morrison Plaza at Wanchai, Hong Kong. At acquisition, the valuation of this property was HK\$100.0 million while our purchase costs were about HK\$85.3 million. Upon the acquisition of the property holding company, we reported a gain of negative goodwill of about HK\$9.1 million. Subsequently, we entered into a contract to dispose 2 vacant units of GFA 8,560 sq.ft. for HK\$33.0 million. The transaction will be completed in mid-December 2006 and the sale will have a net gain before tax of about HK\$7.0 million. Moreover, the average rental rate of the units upon renewal has gone up from HK\$8.0 per sq.ft. to HK\$13.6 per sq.ft.

In August 2005, 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 partnership agreement, the Group shall receive a fixed dividend per annum from the Fund and receive a share of the incentive fees paid by the Fund to the Fund's manager Gateway Capital. Separately through a 50% owned associate company, the Group has also committed US\$5.0 million of capital to the Fund, which represents approximately 2.5% of the Fund's capital. As at the reporting period, the Fund has committed approximately 77% of its capital.

### **Investments in Hotel Industry**

During the six months period ended 30 September 2006, the Aisawan Resort & Spa in Pattaya, Thailand produced revenues of Baht 101.1 million (2005: Baht 99.7 million) and gross operating profits of Baht 39.4 million (2005: Baht 41.3 million). While the performance of the Aisawan Resort during the period was roughly the same as the previous year, the numbers do not show the strength of the resort's performance or the Pattaya market. In fact, these numbers were achieved despite the closure of the entire garden villa wing (consisting of about 25% of total rooms) to major refurbishment and construction of three new swimming pools during the months of May to September. All of the refurbishment works were completed and the garden villa wing was reopened under the name "Pool Lanai" by the end of October. We expect that Aisawan Resort & Spa and the Pattaya market in general will enjoy a strong high season this winter. Through an associate company, Aisawan Resort & Spa contributed HK\$1.4 million to the Group during the period (2005: HK\$1.6 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 nine months ended 30 September 2006, Dusit Thani had revenues of Baht 2.4 billion (2005: Baht 2.0 billion) and net income of Baht 143.7 million (2005: Baht 154.2 million). While Thailand's leading beach resorts such as Pattaya, Hua Hin, and Phuket generally were unaffected by the September military coup in Bangkok, the company's flagship Dusit Thani hotel in Bangkok did suffer cancellations from business and leisure travelers in the immediate aftermath of the coup. However, business has returned to normal since then and we expect a strong winter season for Dusit Thani's hotels in Thailand.

### **LIQUIDITY AND FINANCIAL RESOURCES**

As of 30 September 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 26% (March 2006: 27%) and net debt (net of cash and cash equivalents) to shareholders' fund ratio was 17% (March 2006: 18%).

### **PROSPECTS**

In October 2006, the Group received from AFH a special dividend of HK\$51.4 million through its 4.1% shareholding in the company. The special dividend is a result of the sale by AFH of its wholly owned subsidiary Asia Commercial Bank. This special dividend will be booked in the Group's full year results.

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 30 September 2006, the number of salaried staff not including associates was 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. Share options are granted by the Board of Directors to staff members as appropriate.

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

During the six months period ended 30 September 2006, 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 period ended 30 September 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 deviations:

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

Code provision A.4.2 also provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Board of Directors has 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.

## **REVIEW OF INTERIM REPORT**

The Audit Committee comprises three Independent Non-executive Directors, including Dr. Charles Wai Bun Cheung, J.P., The Hon. Bernard Charnwut Chan and Mr. Arnold Tin Chee Ip. The Committee has reviewed the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2006 and discussed with management the accounting principles and practices adopted by the Group as well as internal control and financial reporting matters.

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

Hong Kong, 12 December 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.*