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 2023

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 2023, together with the comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 September	
		2023	2022
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Revenue	*3, 4*	**125,427**	118,089
Properties operating expenses		**(27,792)**	(25,749)
Staff costs		**(8,489)**	(7,851)
Depreciation		**(373)**	(414)
Other expenses		**(2,171)**	(2,828)
		(38,825)	(36,842)

	Notes	For the six months ended 30 September **2023** **(Unaudited)** **HK$'000**	2022 (Unaudited) HK$'000
Operating profit	*3*	**86,602**	81,247
Share of results of associates		**(39,280)**	(35,320)
Change in fair value of investment properties		**25,100**	16,378
Change in fair value of investments in equity instruments at fair value through profit or loss ("FVTPL")		**(6,913)**	(21,097)
Other gains and losses		**(31)**	207
Finance costs	*5*	**(56,773)**	(21,942)
Profit before taxation	*6*	**8,705**	19,473
Taxation			
Current	*7*	**(1,961)**	(5,772)
Deferred	*7*	**20,835**	(1,883)
Profit for the period		**27,579**	11,818
Profit attributable to:			
Shareholders of the Company		**18,098**	2,821
Non-controlling interests		**9,481**	8,997
		27,579	11,818
		HK cents	HK cents
Earnings per share	*9*	**1.57**	0.24

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2023	2022
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**27,579**	11,818
Other comprehensive expense:		
Item that will not be reclassified subsequently to profit or loss:		
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI")	**(7,717)**	(32,144)
Items that may be reclassified subsequently to profit or loss:		
Reclassification of investment revaluation reserve upon redemption of debt instruments at FVTOCI	**–**	(345)
Exchange difference on translation of associates	**(16,712)**	(72,423)
Other comprehensive expense for the period, net of tax	**(24,429)**	(104,912)
Total comprehensive income/(expense) for the period	**3,150**	(93,094)
Total comprehensive income/(expense) attributable to:		
Shareholders of the Company	**(5,518)**	(98,749)
Non-controlling interests	**8,668**	5,655
	3,150	(93,094)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 30 September 2023 (Unaudited) HK$'000	At 31 March 2023 (Audited) HK$'000
ASSETS			
Non-current assets			
Investment properties		**7,928,400**	7,903,300
Interests in associates		**2,594,524**	2,584,702
Equity instruments designated at FVTOCI		**197,640**	204,384
Equity instruments at FVTPL		**151,529**	154,924
Property, plant & equipment		**1,977**	2,350
Other assets		**300**	300
		10,874,370	10,849,960
Current assets			
Debtors, advances & prepayments	*10*	**26,477**	26,960
Tax recoverable		**841**	942
Cash & bank balances		**214,873**	262,773
		242,191	290,675
Total assets		**11,116,561**	11,140,635
EQUITY			
Share capital		**115,404**	115,404
Reserves		**7,444,939**	7,450,457
Shareholders' funds		**7,560,343**	7,565,861
Non-controlling interests		**1,114,320**	1,105,652
Total equity		**8,674,663**	8,671,513

	Notes	At 30 September 2023 (Unaudited) HK$'000	At 31 March 2023 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Creditors & other payables	*11*	**45,824**	42,673
Secured bank loans		**1,017,500**	1,617,500
Lease liabilities		**109**	237
Deferred taxation		**65,402**	86,237
		1,128,835	1,746,647
Current liabilities			
Creditors & other payables	*11*	**46,686**	57,905
Secured bank loans		**1,263,500**	663,500
Lease liabilities		**294**	349
Tax liabilities		**2,583**	721
		1,313,063	722,475
Total liabilities		**2,441,898**	2,469,122
Total equity and liabilities		**11,116,561**	11,140,635
Net current liabilities		**(1,070,872)**	(431,800)
Total assets less current liabilities		**9,803,498**	10,418,160

Notes:

1. **BASIS OF PREPARATION**

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023 have been prepared in accordance with applicable disclosure requirements of Appendix 16 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 2023 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2023. 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 2023 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts and the related Amendments

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 2023 (30 September 2022)

	Properties and hotels		**Investments and others**		**Consolidated**	
	2023	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue	**116,173**	110,908	**9,254**	7,181	**125,427**	118,089
Segment results	**77,848**	74,789	**8,859**	6,814	**86,707**	81,603
Unallocated corporate expenses					**(105)**	(356)
Operating profit					**86,602**	81,247
Share of results of associates	**(39,280)**	(35,320)	**–**	–	**(39,280)**	(35,320)
Change in fair value of investment properties	**25,100**	16,378	**–**	–	**25,100**	16,378
Change in fair value of investments in equity instruments at FVTPL	**(6,913)**	(21,097)	**–**	–	**(6,913)**	(21,097)
Other gains and losses	**–**	–	**(31)**	207	**(31)**	207
Finance costs					**(56,773)**	(21,942)
Profit before taxation					**8,705**	19,473

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 2023 (31 March 2023)

	Properties and hotels		Investments and others		Consolidated	
	30 September 2023 HK$'000	31 March 2023 HK$'000	**30 September 2023 HK$'000**	31 March 2023 HK$'000	**30 September 2023 HK$'000**	31 March 2023 HK$'000
Segment assets	**8,263,914**	8,243,968	**258,123**	311,965	**8,522,037**	8,555,933
Interests in associates	**2,594,524**	2,584,702	**–**	–	**2,594,524**	2,584,702
Consolidated total assets					**11,116,561**	11,140,635
Segment liabilities	**(2,439,025)**	(2,466,468)	**(157)**	(607)	**(2,439,182)**	(2,467,075)
Unallocated corporate liabilities					**(2,716)**	(2,047)
Consolidated total liabilities					**(2,441,898)**	(2,469,122)

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 2023 (30 September 2022)

	2023 HK$'000	2022 HK$'000
Hong Kong	**120,722**	116,734
Overseas	**4,705**	1,355
	125,427	118,089

Information about the Group's non-current assets

As at 30 September 2023 (31 March 2023)

	30 September 2023 HK$'000	31 March 2023 HK$'000
Hong Kong	**9,775,757**	9,732,346
Overseas	**749,444**	758,306
	10,525,201	10,490,652

4. REVENUE

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

	2023 HK$'000	2022 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Property management service income	**20,153**	16,773
Revenue from other sources		
Rental income from property leasing	**96,020**	94,135
Dividend income		
– equity instruments designated at FVTOCI	**4,688**	5,855
Interest income		
– financial assets at amortised cost	**4,566**	1,305
– debt instruments at FVTOCI	**–**	21
	125,427	118,089

5. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on bank loans	**56,761**	21,922
Interest on lease liabilities	**12**	20
	56,773	21,942

6. PROFIT BEFORE TAXATION

	2023	2022
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	**6,799**	6,162
Short-term lease payment for directors' quarters	**1,560**	1,560
Pension scheme contributions	**130**	129
Auditor's remuneration	**325**	310
Depreciation	**373**	414
Net exchange loss	**30**	138
and after crediting:		
Rental income from property leasing	**96,020**	94,135
Less: direct outgoings	**(7,586)**	(8,643)
Listed investment dividend income	**3,998**	4,943
Unlisted investment dividend income	**690**	912
Interest income	**4,566**	1,326

7. TAXATION

		2023			2022	
	Current taxation	**Deferred taxation**	**Total**	Current taxation	Deferred taxation	Total
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Charged/(credited) for the period						
Hong Kong	**1,961**	**1,348**	**3,309**	5,772	2,613	8,385
Overseas	**–**	**(175)**	**(175)**	–	(730)	(730)
Over-provision in prior years	**–**	**(22,008)**	**(22,008)**	–	–	–
	1,961	**(20,835)**	**(18,874)**	5,772	1,883	7,655

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 2023 (2022: Nil).

9. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to ordinary shareholders of the Company amounting to HK$18,098,000 (2022: HK$2,821,000) and on 1,154,038,656 shares (2022: 1,154,038,656 shares) in issue during the period.

No diluted earnings per share have been presented for the periods ended 30 September 2023 and 30 September 2022 as the Company had no dilutive potential ordinary shares during both periods.

10. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	30 September 2023 HK$'000	31 March 2023 HK$'000
Deferred rental receivables	**12,971**	12,396
Other deposits and prepayments	**10,040**	10,724
Debtors	**3,466**	3,840
	26,477	26,960

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 2023 HK$'000	31 March 2023 HK$'000
0–30 days	**1,767**	2,554
31–60 days	**1,157**	404
61–90 days	**158**	305
> 90 days	**384**	577
	3,466	3,840

11. CREDITORS & OTHER PAYABLES

	30 September 2023 HK$'000	31 March 2023 HK$'000
Creditors & other payables (due within one year)		
Rental deposits received	**13,926**	22,936
Accruals and other payables	**28,043**	29,378
Creditors	**4,717**	5,591
	46,686	57,905
Creditors & other payables (due more than one year)		
Rental deposits received	**45,824**	42,673
	92,510	100,578

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

	30 September 2023 HK$'000	31 March 2023 HK$'000
0–30 days	**3,486**	3,527
31–60 days	**714**	915
61–90 days	**105**	226
> 90 days	**412**	923
	4,717	5,591

BUSINESS REVIEW

Despite the rapid increase in interest rates, US consumer spending continued to be surprisingly resilient, combined with low unemployment and sustained wage growth. While inflation moderated, the much anticipated recession during the year never came. The consensus of the market now is that interest rates will remain higher for longer. While the US economy has performed better than expected, the higher for longer interest rate environment has made it challenging for commercial real estate markets globally, with the exception of Japan where the Bank of Japan has kept interest rates very low.

The re-opening of China post COVID was initially greeted with a great deal of optimism. With record level of savings during the COVID period, the market expected a strong and rapid recovery of the Chinese economy. However, the continued credit crisis in the residential housing sector and the tepid policy response have substantially dampened investor and business confidence. While consumption is up and domestic tourism has been strong, consumers are spending mostly on lower cost goods and services and staying away from big purchases like apartments and cars.

For Hong Kong, the slower than expected recovery of China's economy together with geopolitical concerns have been especially challenging for the commercial office sector. With no clear economic driver, there is little demand from multinational companies to grow in Hong Kong. As a result, the commercial office sector in Hong Kong has been hit with a continued downward trend in both occupancy and rental rates. For the Group, our commercial office portfolio also faced similar headwinds but has performed in a resilient manner. One silver lining is that the hotel industry is making a comeback with the post COVID re-opening of the borders, though even on this front the recovery has been weaker than expected due to the time lag on the return of full flights schedule and outbound travel for China.

Tourism in Thailand is recovering with over 18 million visitors for the first 8 months, and a projection of over 25 million visitors for the full year of 2023. Whilst this is still well below the nearly 40 million arrivals in 2019, it is a good trend considering that scheduled flights and China's outbound travel have not recovered in full yet. In any event, we are pleased to see our two hotels in Thailand (Bangkok and Pattaya) returning to operating profits and continuing to ramp up.

For the six months interim period ended 30 September 2023, the Group had revenues of HK$125.4 million, an increase of 6.2% from last year's HK$118.1 million. The growth in revenues was due to higher rental revenues at some of our investment properties (increase from Pioneer Place and Club Lusitano Building, net of a decrease at 68 Yee Wo Street Building), increase in property management fees, and increase in interest income. During this interim reporting period, operating profit was HK$86.6 million, a 6.7% increase from HK$81.2 million the year before. Share of results of associates was a loss of HK$39.3 million, compared to a loss of HK$35.3 million during the same period in 2022. This loss was caused by higher interest expense and operating loss of The Regent Hotel Hong Kong (as the hotel starts to ramp up to full operations), as well as the depreciation of the Japanese Yen for our investments in Tokyo properties. Change in fair value of investment properties was an increase of HK$25.1 million, compared to an increase of HK$16.4 million during the same period in 2022. Due to the increase in interest rates, it is no surprise that finance costs jumped substantially from HK$21.9 million in 2022 to HK$56.8 million for this interim period. The Group's net profit for the six months interim period was HK$27.6 million (2022: HK$11.8 million), of which net profit attributable to shareholders was HK$18.1 million (2022: HK$2.8 million).

Property Investments (Hong Kong and Asia)

By Subsidiaries

As of 30 September 2023, the occupancy rate of Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong was 76%, up from 58% in September 2022. 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$24.0 million (2022: HK$21.5 million) and a fair value increase of HK$10.0 million (2022: no fair value increase).

At the end of September 2023, the Group's 60% owned 68 Yee Wo Street Building (229,200 sq. ft.) in Causeway Bay, Hong Kong had an occupancy rate of 86% (September 2022: 81%). Despite average rental rates have been dropping throughout the period, but the overall occupancy increased. For the six months ended 30 September 2023, the property had rental and related revenues of HK$49.8 million (2022: HK$50.2 million) and a fair value increase of HK$3.0 million (2022: no fair value increase).

For the six months period ended 30 September 2023, the Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong was able to maintain a stable occupancy rate of 96%, which is same as the 96% occupancy rate a year ago. For the six months interim period, the property contributed HK$30.7 million (2022: HK$27.6 million) in rental and related revenues and fair value increase of HK$10.0 million (2022: HK$19.3 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 2022: 100%), benefiting from long-term leases. For the six months ended 30 September 2023, the property contributed HK$10.6 million (2022: HK$10.6 million) in rental and related revenues and a fair value increase of HK$4.0 million (2022: no fair value increase).

By Associates

The Group has an investment in Shanghai K. Wah Centre (7.7%) in China through an associate company. As of 30 September 2023, the property has a healthy occupancy rate of 94% (compared to 95% in September 2022) and the share of associate's results recorded a profit of HK$4.9 million (2022: HK$5.6 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. As of 30 September 2023, the three buildings had occupancy rates of 78%, 91%, and 100% (September 2022: 96%, 68% and 100%) respectively. During the reporting period, this investment recorded a share of associate's loss of HK$11.1 million (2022: loss of HK$17.3 million). The share of associate's loss was mainly due to the devaluation of the Japanese Yen.

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 2023, the properties had an occupancy rate of 76% (September 2022: 78%). This investment recorded a fair value loss of HK$4.0 million during the period (2022: loss of HK$1.4 million) due mainly to lower valuation reflecting the 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 2023, the property had an occupancy rate of 77% (September 2022: 74%) and the investment recorded a fair value loss of HK$2.9 million (2022: loss of HK$19.7 million) due mainly to foreign exchange loss.

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 Hotel, Hong Kong. The hotel (previously known as The InterContinental Hong Kong) had been closed for renovation since April 2020 and was partially soft opened as The Regent Hotel, Hong Kong in December 2022, re-establishing the original name of the hotel when it was first opened in 1980. During renovation, the only part of the hotel that remained operational had been the Yan Toh Heen Restaurant (now renamed Lai Ching Heen). In late December 2022, the hotel's lobby lounge, Harbourside Restaurant, and The Steak House were opened for business. Since the end of March, guest rooms opened in batches as they were turned over by the contractors. From April to September 2023, the hotel had an average occupancy rate of 55% and an average daily room rate of HK$4,485 for the rooms that were opened. By the end of September 2023, 284 out of 497 total rooms were available for occupancy. While the hotel's operations are still ramping up, reviews from customers on the new restaurants and hotel rooms have been very positive thus far. During the six months ended 30 September 2023, the hotel had revenues of HK$197.2 million (2022: HK$13.5 million) and operating loss of HK$60.7 million (2022: loss of HK$28.1 million). The hotel is still running at an operating loss because of the partial availability of rooms while staff count has already been ramped up to prepare for full opening. For the interim period, the share of results from this associate recorded a loss of HK$47.8 million (2022: loss of HK$46.6 million) mainly due to loan interest, pre-opening expenses and operating loss.

In 2023, Thailand's tourism industry continued to recuperate, and the performance of our two Thai hotels both improved substantially during the period. For the six months ended 30 September 2023, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associate company) had revenues of Baht 237.6 million (HK$51.7 million equivalent) (2022: Baht 145.8 million, HK$31.6 million equivalent) and operating profit of Baht 63.6 million (HK$13.8 million equivalent) (2022: Baht 24.4 million, HK$5.3 million equivalent), with an average occupancy of 71% (2022: 41%). 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 186.3 million (HK$40.5 million equivalent) (2022: Baht 145.6 million, HK$31.6 million equivalent) and operating profit of Baht 58.3 million (HK$12.7 million equivalent) (2022: Baht 39.4 million, HK$8.5 million equivalent), with an average occupancy rate of 77% (2022: 63%). The share of results of the Thai associate recorded a profit of HK$4.0 million (2022: HK$0.6 million) during the period.

PROSPECTS

Clearly, the global economy and geopolitics continue to be full of uncertainties. Hong Kong, in particular, is facing unprecedented headwinds with slower growth in China and geopolitical challenges. With no clear demand driver and new supply coming up, the commercial real estate sector will continue to be stressed in the foreseeable future. While short term government policy initiatives such as slashing of "spicy" stamps duties on property transactions have positive effects, they are not enough to overcome fundamental challenges. As the preeminent financial center for China and Asia in the past two decades, Hong Kong has created the most value from its ability to raise international capital, especially for leading Chinese corporations. Hence, until major Chinese IPOs start to take place again in Hong Kong, we feel the territory cannot regain its place as the key financial center in this region. Given the outsized influence of the financial sector in Hong Kong, there are no immediate growth drivers that can replace it in the near term. Furthermore, the higher for longer interest rate environment is starting to take its toll. With interest rates at the current level, it will take a major correction in asset prices for good investment opportunities to arise. In the longer run, we feel policies such as the introduction of talent migration scheme and further integration with the Greater Bay Area may contribute as new growth drivers for Hong Kong.

While the commercial office sector will continue to be challenging for some time to come, the hotel industry is faring better. With higher room rates for the luxury hotel sector post COVID, and with tourism and business arrivals continuing to recover, we are optimistic that revenues at our relaunched Regent Hotel Hong Kong will soon meet or surpass pre-COVID levels. The key task going forward is to keep cost structure under control given the global inflationary environment. Likewise, we expect performance for our Thai hotels will continue to improve as regional travels, especially Chinese outbound sector, return to full capacity.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to maintain a healthy financial position. As at 30 September 2023, the Group had cash and bank balances amounting to HK$214.9 million (31 March 2023: HK$262.8 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 2023: HK$50.0 million) was maintained by the Group.

As at 30 September 2023, the total bank borrowings of the Group were HK$2,281.0 million (31 March 2023: HK$2,281.0 million) of which HK$1,263.5 million (31 March 2023: HK$663.5 million) will be matured within one year. The bank loans of both Club Lusitano Building and Kiu Fat Building will be re-financed by February 2024, while the bank loan of Pioneer Place will be re-financed in June 2024. The Group's total debts to total assets ratio was 20.5% (31 March 2023: 20.5%) and net debt to total assets ratio was 18.6% (31 March 2023: 18.1%).

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, China and Japan with carrying amounts of HK$350.7 million, HK$217.6 million and HK$99.6 million equivalents respectively as at 30 September 2023 (31 March 2023: HK$356.4 million, HK$219.8 million and HK$110.7 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 2023, investment properties with a carrying value of HK$7,852.1 million (31 March 2023: HK$7,825.1 million) were pledged to secure bank loan facilities to the extent of HK$2,281.0 million (31 March 2023: HK$2,281.0 million) of which all facilities have been fully utilized.

Contingent Liabilities

As at 30 September 2023, the Group had guarantees of HK$1,879.8 million (31 March 2023: HK$1,879.8 million) given to a bank in respect of banking facilities utilised by subsidiaries.

EMPLOYEES

As at 30 September 2023, the number of salaried staff at the holding company level was 18 (31 March 2023: 17). 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 2023 (2022: Nil).

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

During the six months ended 30 September 2023, 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 14 of the Listing Rules. During the six months ended 30 September 2023, 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 2023.

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

Hong Kong, 28 November 2023

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*