



Pioneer

**PIONEER GLOBAL GROUP LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

**RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2009**

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 2009, together with the comparative figures for the corresponding period in 2008 as follows:

**CONSOLIDATED INCOME STATEMENT**

		For the year ended 31 March	
		2009 (Audited) HK\$'000	2008 (Audited) HK\$'000
	<i>Notes</i>		
Turnover			
Company and subsidiaries		119,038	61,886
Share of associates		46,149	48,312
		<u>165,187</u>	<u>110,198</u>
Turnover of Company and subsidiaries	3	<u>119,038</u>	<u>61,886</u>
Properties operating expenses		(7,228)	(9,639)
Staff costs		(11,616)	(10,230)
Depreciation and amortisation		(2,870)	(3,047)
Other expenses		(4,836)	(2,849)
		<u>(26,550)</u>	<u>(25,765)</u>
Operating profit		92,488	36,121
Share of profits of associates		8,568	47,060
Change in fair value of investment properties		(24,800)	53,726
Other gains and losses		(642)	32,537
Finance costs		(2,939)	(6,470)
Profit before taxation		72,675	162,974
Taxation – current	4	(1,499)	(3,379)
– deferred	4	13,446	(9,785)
Profit for the year		<u>84,622</u>	<u>149,810</u>
Attributable to:			
Minority interests		(71)	664
Profit attributable to shareholders		<u>84,693</u>	<u>149,146</u>
		<u>84,622</u>	<u>149,810</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	6	<u>11.01</u>	<u>19.39</u>

## CONSOLIDATED BALANCE SHEET

	At 31 March 2009 (Audited) HK\$'000	At 31 March 2008 (Audited) HK\$'000
<b>ASSETS</b>		
Non-current assets		
Investment properties	453,800	555,600
Associates	592,524	791,952
Available for sale investments	150,164	245,332
Property, plant and equipment	18,386	20,762
Leasehold land	10,648	10,885
Other assets	1,447	1,447
	<u>1,226,969</u>	<u>1,625,978</u>
Current assets		
Debtors, advances & prepayments	24,612	13,127
Financial assets at fair value	32,262	6,288
Cash and bank balances	161,902	22,367
	<u>218,776</u>	<u>41,782</u>
<b>Total assets</b>	<b><u>1,445,745</u></b>	<b><u>1,667,760</u></b>
<b>EQUITY</b>		
Share capital	76,935	76,935
Reserves	1,187,648	1,305,938
	<u>1,264,583</u>	<u>1,382,873</u>
Shareholders' funds	1,264,583	1,382,873
Minority interests	13,775	15,986
	<u>1,278,358</u>	<u>1,398,859</u>
<b>LIABILITIES</b>		
Non-current liabilities		
Secured bank loans	78,100	93,050
Deferred tax liabilities	48,841	62,287
	<u>126,941</u>	<u>155,337</u>
Current liabilities		
Creditors and accruals	14,333	20,513
Secured bank loans	22,100	89,513
Tax liabilities	4,013	3,538
	<u>40,446</u>	<u>113,564</u>
<b>Total liabilities</b>	<b><u>167,387</u></b>	<b><u>268,901</u></b>
<b>Total equity and liabilities</b>	<b><u>1,445,745</u></b>	<b><u>1,667,760</u></b>

## NOTES TO FINANCIAL STATEMENTS

### 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

In the current year, the Group has applied the new and revised HKFRSs, HKASs and Interpretations (hereinafter collectively referred to as “new HKFRSs”) that are effective for the Group financial year beginning 1 April 2008. However, the adoption of these new HKFRSs does not have any significant effect on the accounting policies or results and financial position of the Group.

### 3. SEGMENT INFORMATION

	Property and hotels		Investments and others		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
<b>Segment turnover</b>						
Company and subsidiaries	<u>70,779</u>	<u>44,347</u>	<u>48,259</u>	<u>17,539</u>	<u>119,038</u>	<u>61,886</u>
<b>Segment result</b>	<b>45,148</b>	19,533	<b>47,467</b>	16,894	<b>92,615</b>	36,427
Unallocated corporate expenses					<u>(127)</u>	<u>(306)</u>
Operating profit					<b>92,488</b>	36,121
Share of profits of associates	<b>8,568</b>	47,060	–	–	<b>8,568</b>	47,060
Change in fair value of investment properties	<b>(24,800)</b>	53,726	–	–	<b>(24,800)</b>	53,726
Other gains and losses	<b>3,633</b>	(1,643)	<b>(4,275)</b>	34,180	<b>(642)</b>	32,537
Finance costs					<b>(2,939)</b>	(6,470)
Taxation					<b>11,947</b>	(13,164)
Minority interests					<u>71</u>	<u>(664)</u>
Profit attributable to shareholders					<u><b>84,693</b></u>	<u>149,146</u>

### 4. TAXATION

	2009			2008		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
Hong Kong						
– provision for the year	<b>1,429</b>	<b>(13,446)</b>	<b>(12,017)</b>	2,084	9,885	11,969
– under/(over) provision in prior year	–	–	–	1,271	(100)	1,171
Overseas						
– provision for the year	<b>44</b>	–	<b>44</b>	24	–	24
– under provision in prior year	<u>26</u>	–	<u>26</u>	–	–	–
	<u><b>1,499</b></u>	<u><b>(13,446)</b></u>	<u><b>(11,947)</b></u>	<u>3,379</u>	<u>9,785</u>	<u>13,164</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) 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

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Interim dividend of HK0.80 cent (2008: HK0.80 cent) per ordinary share	<b>6,155</b>	6,155
Proposed final dividend of HK1.50 cents (2008: HK1.50 cents) per ordinary share	<u><b>11,540</b></u>	<u>11,540</u>
	<u><b>17,695</b></u>	<u>17,695</u>

The 2009 final cash dividend of HK1.50 cents (2008: HK1.50 cents) per ordinary share has been proposed by the Board of Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

## 6. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$84,693,000 (2008: HK\$149,146,000) and on 769,359,104 shares (2008: 769,359,104 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2009 and 31 March 2008 as the Company had no dilutive potential ordinary shares during both years.

## 7. EVENT AFTER BALANCE SHEET DATE

In April 2009, the Group entered into a provisional sale and purchase agreement to dispose of the office units on 18th Floor, Great Eagle Centre, Wanchai, Hong Kong for a total consideration of HK\$48.9 million. Details of the disposal were provided in an announcement published on 27 April 2009.

## BUSINESS REVIEW

2008 was undoubtedly the most turbulent year for the world economy since the Great Depression. During the span of one short year, we saw a massive commodities bubble that took oil price to the height of US\$147 per barrel in the summer of 2008, and then the economy went to the brinks of total collapse after the bankruptcy of Lehman Brothers and the massive bailout of almost every major banking institutions in the West. Since the 4th quarter of 2008, the world's central banks pumped unprecedented amounts of liquidity into the financial system in order to avoid the complete breakdown of the system. While we are now starting to see the financial system stabilize during the first half of 2009, this so called "green shoots" recovery is by no means secure as the real economies in the western world are still worsening, with increasing bankruptcies, falling consumer demands, and rising unemployment.

In such trying times, the Group's performance had been highly satisfactory. During the year ended 31 March 2009, the Group disposed of the AIA Tower in Macau, the Kowloon City Plaza, and completed the sale of its Morrison Plaza properties. For the fiscal year ended March 2009, the Group's revenues increased by 49.9% to HK\$165.2 million (from HK\$110.2 million in 2008). The increase in revenues was due to an increase in asset management fee income, carried interest earned from the disposal of AIA Tower in Macau, as well as proceeds from the disposal of Kowloon City Plaza. Net profit for the period was HK\$84.6 million, compared to HK\$149.8 million in 2008. While there was a drop in net profit during the period, the decrease was due mainly to a HK\$24.8 million drop in fair value of investment properties, compared to a HK\$53.7 million fair value gain a year ago.

## **Property Investments**

On 5 September 2008, the 437,000 sq.ft. AIA Tower in Macau was sold for HK\$1.2 billion. First acquired for HK\$600.0 million as a vacant abandoned building in 2005, the property was refurbished and re-launched under its current name in 2006. Since then, the AIA Tower has become one of the leading Class A office towers in Macau both in terms of tenant mix and rental rates. At the time of sale, over 90% of the building had been leased. This transaction generated total profits of HK\$349.6 million for the joint venture company. As the managing partner of the joint venture company, the Group was paid a carried interest of HK\$27.9 million based on profits generated for the partners. In addition, the Group also generated profits of HK\$87.4 million from its 25% interest in the joint venture (HK\$70.4 million of this profit was recognized in previous reporting periods from revaluation gains).

In June 2008, the Group and its joint venture partners sold the 640,000 sq.ft. Kowloon City Plaza for a consideration of HK\$1.47 billion. As a result, the joint venture paid out a dividend of HK\$35.1 million to the Group.

The Group manages and owns 30% of the 229,200 sq.ft. 68 Yee Woo Street property in Causeway Bay, Hong Kong. As at the end of the reporting period, the occupancy rate of the property was 96.0%. Despite the downturn in the economy, we continue to see good leasing demand for the building and are optimistic in its long term value.

The Group has a 50/50 joint venture that owns the Jie Fang Building, an 11,500 sq.m. commercial property in Guangzhou, China. The current rental yield is 8.7% based on our purchase price. The building is now undergoing major refurbishment and majority portions of it will be turned into a hotel.

The Shanghai K. Wah Centre, a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company, contributed HK\$13.8 million to the Group.

The Pioneer Building in Kwun Tong, Kowloon had HK\$17.5 million in rental revenues while continuing to enjoy a high occupancy rate of 98.2%. The Group's retail properties at Maximall, North Point (comprising of total of GFA 63,840 sq.ft.) generated rental revenues of HK\$5.8 million.

## **Investments in Hotel Industry**

For the twelve months ended 31 December 2008, Aisawan Resort & Spa in Pattaya, Thailand had revenues of Baht 272.9 million, representing a decrease of 22.4% from the previous year (2007: Baht 351.7 million). Gross operating profit for the period was Baht 148.6 million, compared to Baht 216.4 million in 2007. The Aisawan Resort & Spa in Pattaya (and Thailand's tourism industry as a whole) had a very difficult year due to the political turmoil in Thailand which saw the occupation of the Suvarnabhumi Airport in Bangkok by anti-government demonstrators. The week long closure of the Bangkok airport was especially damaging as it disrupted travels at one of South East Asia's busiest aviation hubs and caused massive cancellations just before the traditional tourism high season.

Despite the political turmoil in Thailand, international hotels have continued to expand in the country's key tourism destinations. Pattaya in particular, has received significant investments, with several international class hotels (such as Sheraton, Hilton, Holiday Inn) having opened or scheduled to open in the next year. These new openings signify the revival of Pattaya as a top resort destination, as we had anticipated when we acquired and rebranded the property back in 2003. In order to take advantage of the continued improvement of the destination and bolster the long term competitiveness of the resort, the Group has decided to complete the remaining retrofit program (which was done in

phases since our acquisition in 2003), introducing new guest rooms, ballroom and meeting facilities, and a new beach club and pool. Upon the completion of this renovation in the 4th quarter of 2009, the resort will be managed by an international hotel operator under an international 5-star brand. With this rebranding exercise, we are confident that the resort will maintain its status as one of the leading properties in the Pattaya market.

The Group's 50% owned associated company holds 10.3% of Dusit Thani Public Company Limited ("Dusit Thani"), the leading owner and operator of hotels in Thailand. For the twelve months ended 31 December 2008, Dusit Thani had revenues of Baht 3.73 billion (2007: Baht 3.31 billion) and net profit of Baht 216.6 million (2007: Baht 121.9 million). The 2008 net profit was mainly attributed to a gain on land sale of Baht 170.2 million. As the leading hotel company in Thailand, Dusit Thani also suffered heavily due to the unstable political environment.

Pioneer Hospitality Siam (GBR) Limited (the Group's 49.5% owned Thai associate) owns 37.5% of a 79 acre land site at Cape Nga in Phuket, Thailand. The plan is to develop a world class luxury resort with branded residences. We are now in the process of finalizing contracts with the main architect/designer and other development consultants to start the planning process, and identifying the luxury hotel operator to operate the resort.

## **PROSPECTS**

On 24 April 2009, the Group entered into a provisional agreement to dispose of its premises at Great Eagle Centre in Wanchai, Hong Kong at a price of HK\$48.9 million (total GFA of 6,630 sq.ft.). This property was purchased in 2005 at HK\$34.0 million. Thus, the sale will generate a historical profit of HK\$14.9 million before taxation throughout the holding period, of which HK\$11.8 million will be recognized in the coming fiscal year.

As noted earlier, while the world financial system seems to have stabilized in the first half of this year, we believe that it is far too early to declare victory as the real economies in the West are still worsening.

Closer to home, the picture looks a bit more optimistic. On the one hand we are still skeptical about the depth of the recent market rally, but it is clear that the Chinese government will continue its massive monetary and fiscal stimulus in order to grow at its targeted 8% at all costs. Latest data shows that loan growth in the Chinese banking system will top RMB 6 trillion in the first 6 months of 2009. With the recent sentiment change in the market and the already built in low earnings expectation from global investors, anything short of disaster could fuel more optimism in the global markets where a bottom could be found within the next 12 months. The restart of the long frozen IPO markets, both A-share and H-share, is also promising given the long backlog of issuers, allowing regulators to choose among the best listing candidates. If that does happen, things will bode well for China and Hong Kong. Already, we are seeing signs of recovery in the Chinese and Hong Kong property markets.

Thailand has been besieged by political upheavals ever since the 2006 military coup which ousted Thaksin Shinawatra as Prime Minister, pitting the anti-Thaksin "yellow shirts" against the pro-Thaksin "red shirts". After the devastating closure of the Bangkok airport and the resignation of two pro-Thaksin Prime Ministers in late 2008, it appears that the "yellow shirts" have won, for now. But the underlying problems remain unresolved, as seen in the recent chaos caused by the red shirts. These protests led to the cancellation of the ASEAN Summit in Pattaya in April and the subsequent crack down against the protesters in Bangkok. All these events have hurt Thailand's reputation as a stable and peaceful democracy.

With all the uncertainties around the world, we have been seeing attractive investments in our core markets. Due to the timely disposal of some of our properties during the past year, the Group is now in a strong financial position to take advantage of these opportunities.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As of 31 March 2009, the Group continued to enjoy a strong financial position with substantial unutilized bank facilities. At the balance sheet date, the Group's total debt to shareholders' fund ratio was 7.8% (31 March 2008: 13.2%). The Company is currently in a net cash position as its cash and cash equivalents exceed its external debts.

## **EMPLOYEES**

As at 31 March 2009, the number of salaried staff at the holding company level was 16 (2008: 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.

## **FINAL DIVIDEND**

The Directors recommend the payment of a final dividend of HK1.50 cents (2008: HK1.50 cents) per share for the year ended 31 March 2009, payable on 17 September 2009 to all persons registered as shareholders on 14 September 2009.

## **CLOSURE OF REGISTER OF MEMBERS**

The transfer books and register of members of the Company will be closed from 9 September 2009 to 14 September 2009, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 8 September 2009.

## **CORPORATE GOVERNANCE**

During the year ended 31 March 2009, 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.

## **ANNUAL GENERAL MEETING**

It is proposed that the AGM will be held on 14 September 2009. The Notice of AGM will be published and dispatched to shareholders in due course.

## **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 and external auditors the financial condition of the Group for the year ended 31 March 2009, including the accounting principles and practices adopted by the Group and the adequacy of internal controls system. The Committee is satisfied with the review and the Board is also satisfied with the Committee's report.

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

Hong Kong, 2 July 2009

*As at the date of this announcement, the executive directors of the Company are Mrs. Rossana Wang Gaw, Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Jane Kwai Ying Tsui and the independent non-executive directors of the Company are Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip.*