Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

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

CONDENSED CONSOLIDATED INCOME STATEMENT

		For the six months ended 30 September	
		2009	2008
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Turnover			
Company and subsidiaries		**29,316**	91,940
Share of associates		**19,924**	25,471
		49,240	117,411
Turnover of Company and subsidiaries	*2*	**29,316**	91,940
Properties operating expenses		**(3,992)**	(3,614)
Staff costs		**(4,540)**	(4,613)
Depreciation & amortisation		**(888)**	(1,110)
Other expenses		**(1,794)**	(2,893)
		(11,214)	(12,230)
Operating profit	*2*	**18,102**	79,710

	Note	For the six months ended 30 September 2009 (Unaudited) HK$'000	2008 (Unaudited) HK$'000
Share of profits of associates		**56,838**	41,112
Change in fair value of investment properties		**37,000**	2,603
Other gains and losses	*3*	**23,982**	(2,929)
Finance costs		**(1,092)**	(1,723)
Profit before taxation		**134,830**	118,773
Taxation – current	*4*	**(915)**	(1,141)
– deferred	*4*	**(3,704)**	8,940
Profit for the period		**130,211**	126,572
Attributable to:			
Shareholders of the Company		**129,811**	125,844
Minority interests		**400**	728
		130,211	126,572
Interim dividend	*5*	**7,694**	6,155
		HK cents	*HK cents*
Earnings per share	*6*	**16.87**	16.36

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**130,211**	126,572
Other comprehensive income		
Change in fair value of available for sale investments		
– subsidiaries	**44,274**	(106,365)
– associates	**3,010**	(30,764)
Exchange difference of translation of		
– subsidiaries	**1**	(46)
– associates	**2,969**	(5,543)
Other comprehensive income for the period	**50,254**	(142,718)
Total comprehensive income for the period	**180,465**	(16,146)
Total comprehensive income attributable to:		
Shareholders of the Company	**178,609**	(15,833)
Minority interests	**1,856**	(313)
	180,465	(16,146)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 September 2009 (Unaudited)** *HK$'000*	31 March 2009 (Audited) (Restated) *HK$'000*
ASSETS			
Non-current assets			
Investment properties		**474,800**	453,800
Leasehold properties	*7*	**430,399**	20,587
Associates		**643,893**	592,524
Available for sale investments		**216,296**	150,164
Property, plant and equipment		**7,199**	8,447
Other assets		**3,497**	1,447
		1,776,084	1,226,969
Current assets			
Debtors, advances & prepayments	*8*	**18,778**	24,612
Financial assets at fair value		**22,633**	32,262
Cash & bank balances		**101,165**	161,902
		142,576	218,776
Total assets		**1,918,660**	1,445,745
EQUITY			
Share capital		**76,935**	76,935
Reserves		**1,354,717**	1,187,648
Shareholders' funds		**1,431,652**	1,264,583
Minority interests		**15,246**	13,775
Total equity		**1,446,898**	1,278,358
LIABILITIES			
Non-current liabilities			
Secured bank loans		**258,100**	78,100
Deferred payment	*9*	**102,500**	–
Deferred tax liabilities		**53,920**	48,841
		414,520	126,941
Current liabilities			
Creditors & accruals	*10*	**27,328**	14,333
Secured bank loans		**25,000**	22,100
Tax liabilities		**4,914**	4,013
		57,242	40,446
Total liabilities		**471,762**	167,387
Total equity and liabilities		**1,918,660**	1,445,745

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2009

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 ("HKICPA"). 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 2009, except as stated below.

The adoption of new/revised HKFRSs

In the current period, the Group has adopted the new and revised standards and interpretations ("new or revised HKFRSs") issued by HKICPA, which are relevant to its operations.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 17 (Amendment)	Leases
HKAS 23 (Revised)	Borrowing Costs
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

The adoption of the standard of HKAS 1 (Revised) requires a new statement of condensed consolidated statement of comprehensive income and certain presentation changes in the statement of change in equity.

HKAS 17 (Amendment) is applicable to accounting period beginning on or after 1 January 2010. The Group has early adopted this standard because the Directors consider the land and building elements of the newly acquired leasehold interest of the property cannot be separated. The financial impact on the early adoption of the HKAS 17 (Amendment) has been presented in Note 7 of this announcement.

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The adoption of HKFRS 8 has no material impact on the disclosure of the Group's segment information.

Save as disclosed above, the adoption of the other new or revised HKFRSs did not have any material effect on the financial position or performance of the Group for the current or prior accounting periods.

2. SEGMENT INFORMATION

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

	For the period ended 30 September					
	Property and Hotel		Investments and Others		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment turnover						
Company and subsidiaries	**21,753**	84,422	**7,563**	7,518	**29,316**	91,940
Segment result	**11,074**	72,776	**7,121**	7,023	**18,195**	79,799
Unallocated corporate expenses					**(93)**	(89)
Operating profit					**18,102**	79,710
Share of profits of associates	**56,838**	41,112	**–**	–	**56,838**	41,112
Change in fair value of investment properties	**37,000**	2,603	**–**	–	**37,000**	2,603
Other gains and losses	**13,325**	–	**10,657**	(2,929)	**23,982**	(2,929)
Finance costs					**(1,092)**	(1,723)
Taxation					**(4,619)**	7,799
Minority interests					**(400)**	(728)
					129,811	125,844

3. OTHER GAINS AND LOSSES

	2009	2008
	HK$'000	*HK$'000*
Gain on disposal of properties	**11,905**	159
Gain/(loss) on disposal of available for sale investments	**10,468**	(2)
Gain/(loss) on disposal of financial assets	**401**	(1,355)
Change in fair value of financial assets	**1,208**	(1,731)
	23,982	(2,929)

4. TAXATION

	2009 Current taxation HK$'000	2009 Deferred taxation HK$'000	2009 Total HK$'000	2008 Current taxation HK$'000	2008 Deferred taxation HK$'000	2008 Total HK$'000
The Company and its subsidiaries						
Hong Kong	**901**	**3,704**	**4,605**	1,133	(8,940)	(7,807)
Overseas	**14**	**–**	**14**	8	–	8
	915	**3,704**	**4,619**	1,141	(8,940)	(7,799)

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) 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 HK1.00 cent per share (2008: HK0.80 cent), totaling HK$7,694,000 for the six months ended 30 September 2009 (2008: HK$6,155,000) to shareholders whose names appear on the register of members of the Company at the close of business on 14 January 2010. 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$129,811,000 (2008: HK$125,844,000) and on 769,359,104 shares in issue during both periods of 2008 and 2009.

No diluted earnings per share have been presented for the periods ended 30 September 2009 and 30 September 2008 as the Company had no dilutive potential ordinary shares during both periods.

7. LEASEHOLD PROPERTIES

During the reporting period, the Group has acquired an 80-year leasehold interest of a property (the "Property"). Details of the acquisition were provided in the circular dated 21 September 2009. As the land and building elements of the Property cannot be separated under the lease, the Group has early adopted the amended Hong Kong Accounting Standard 17 – Leases, which does not require such separation. The impact on the March 2009 financial position is as follows:

	At 31 March 2009 *HK$'000*	**Reclassification** *HK$'000*	**Total after reclassification** *HK$'000*
Leasehold properties	–	20,587	20,587
Property, plant and equipment	18,386	(9,939)	8,447
Leasehold land	10,648	(10,648)	–

8. TRADE RECEIVABLES

Rental receivables from tenants are due on presentation of debit notes and payable in advance. The aging analysis of rental debtors at the reporting date is as follows:

	30 September 2009 *HK$'000*	31 March 2009 *HK$'000*
0 – 30 days	**198**	43
31 – 60 days	**–**	–
61 – 90 days	**–**	–
> 90 days	**–**	44
	198	87

9. DEFERRED PAYMENT

On the acquisition of the 80-year leasehold property (Note 7) during the reporting period, 25% of the consideration has been deferred and shall be paid by installments over a 5-year period at an interest rate of 3% p.a.. The carrying value of the deferred payment approximates its fair value.

10. TRADE PAYABLES

Trade payables are included in creditors and accruals. The aging analysis of the trade payables at the reporting date is presented based on the dates of the invoices as follows:

	30 September 2009 *HK$'000*	31 March 2009 *HK$'000*
0 – 30 days	**692**	678
31 – 60 days	**207**	183
61 – 90 days	**183**	183
> 90 days	**1,397**	299
	2,479	1,343

11. CONTINGENT LIABILITIES AND COMMITMENTS

	30 September 2009 *HK$'000*	31 March 2009 *HK$'000*
Guarantees		
on utility deposits	**160**	160
Commitments		
for total future minimum lease payments		
– not later than one year	**2,544**	1,842
– later than one year and not later than five years	**3,969**	3,128
for purchase of investment properties		
– later than one year and not later than five years	**–**	12,548
	6,673	17,678

INTERIM DIVIDEND

The Board of Directors recommends the payment of an interim dividend for the six months ended 30 September 2009 at the rate of HK1.00 cent per share (2008: HK0.80 cent), payable on 19 January 2010 to all persons registered as shareholders on 14 January 2010. The transfer books and register of members of the Company will be closed from 11 January 2010 to 14 January 2010, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim 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 4:00 p.m. on Friday, 8 January 2010.

BUSINESS REVIEW

Since the second quarter of 2009, the world economy appears to have stabilized from the post-Lehman crisis. In particular, the financial and property markets in Mainland China fueled by the massive stimulus program from the government started to recover strongly and Hong Kong's economy benefited. With a historically low interest rate tied to loose US monetary policies and an economy tied to the healthy Chinese economy, assets have been inflating at a rapid rate against a depreciating currency. While there are still concerns in the world economy, particularly in the West, it seems that the massive stimulus programs from the world's major Central Banks have worked, at least for now.

Amidst such volatility, the Group has performed well. For the six months period ended 30 September 2009, the Group's revenues including share of associates was HK$49.2 million, against HK$117.4 million during the same period in 2008. This was due to income and dividends related to the sales of AIA Tower Macau and Kowloon City Plaza properties in 2008. On the other hand, profit for the period grew to HK$130.2 million, compared to HK$126.6 million a year ago.

Property Investments

On 24 April 2009, the Group disposed of its properties 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 for HK$34.0 million. Thus, the sale will generate a historical profit of HK$14.9 million throughout the holding period, of which HK$10.0 million is recognized in this interim period.

On 24 September 2009, the Group acquired an 80-year leasehold interest of the Club Lusitano Building located at 16 Ice House Street in Central, Hong Kong, for a total consideration of HK$410.0 million (of which HK$102.5 million is deferred over a period of 5 years). With a GFA of 80,100 sq.ft. and the then existing rental per year of HK$22.7 million, the purchase price represents a value of HK$5,118 psf and rental yield of 5.5%. We are very pleased with this acquisition and believe there are significant upside to both capital value and rental rates. Renewals and new leases signed since our acquisition has generally shown significant increases from previous rates. The property will be held as a long-term investment for rental income and capital appreciation.

The Group manages and owns 30% of the 229,200 sq.ft. 68 Yee Wo Street property in Causeway Bay, Hong Kong. As at the end of the reporting period, the occupancy rate of the property was 89.0%. As a result, the fair market valuation of the property rebounded from HK$1.375 billion to HK$1.58 billion, resulting in a HK$51.4 million fair value gain for the Group. During the period, we agreed to the early termination of the long-term tenant (GOD/Delay No Mall) which occupies 47,019 sq.ft. of the retail podium, in return for a settlement compensation. At the same time, we are able to bring in three new tenants (2 restaurants and 1 retail tenant) to take up the entire space vacated by GOD/ Delay No Mall at substantially higher rental rates. We are very pleased with this development as these new leases will not only bring in significantly higher cash flow, but also enhance the long term value of the building.

Rental income and valuation of the Shanghai K. Wah Centre (a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company) held stable during the period.

The Pioneer Building in Kwun Tong, Kowloon had HK$10.4 million in rental revenues while continuing to enjoy a high occupancy rate of 99.3%. The Group's retail properties at Maximall, North Point (comprising of total of GFA 63,840 sq.ft.) generated rental revenues of HK$2.8 million. The two properties also contributed fair value increase of HK$20.0 million and HK$10.3 million respectively. Overall, the Group's direct investment properties portfolio contributed fair value increase of HK$37.0 million.

Investments in Hotel Industry

For the six months ended 30 September 2009, Aisawan Resort & Spa in Pattaya, Thailand had revenues of Baht 55.1 million, representing a decrease of 38.6% from the previous year (2008: Baht 89.8 million). Gross operating loss for the period was Baht 1.2 million, compared to Baht 29.0 million gross operating profit in 2008. Due to the closure of the Suvarnabhumi Airport in Bangkok by anti-government demonstrators (which subsequently brought down the then sitting government) in November 2008 and the subsequent demonstrations in Pattaya (by the opposition group to the new government) during the ASEAN meeting in April 2009, tourism business in Pattaya and most of Thailand was hit hard in 2009. In addition, the worldwide economic crisis also affected travelers' spending globally. As reported previously, in order to position the property competitively in anticipation of the opening of new international class hotels in Pattaya, 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. The renovation program has been completed in the beginning of November 2009 and the property has been rebranded as Pullman Pattaya Aisawan Resort and is now managed by Accor Group of France under its "Pullman" premium five star brand.

Despite the setback this year, the Group is excited about the opportunity to reposition the property and is confident that the resort will maintain its status as one of the leading beach resorts in the Pattaya market. In addition, while newly opened international brand hotels in Pattaya will bring competition, they have also significantly enhanced Pattaya as an international tourism destination. We believe these developments will all be positive to the destination and our property in the long run.

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 nine months ended 30 September 2009, Dusit Thani had revenues of Baht 1.96 billion (2008: Baht 2.41 billion) and net loss of Baht 110.6 million (2008: net profit of Baht 204.2 million). As the leading hotel company in Thailand, Dusit Thani did not escape the macro economic and political challenges as highlighted in the preceding paragraph. However, with new management contracts signed in the Middle East, India, and China, the company's room count and management income shall increase substantially over the next couple of years.

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. Contracts with main architect/designer and other development consultants have been finalized. In addition, a letter of intent has just been signed with one of the top luxury hotel operators in the world to manage the resort and residences. Phase 1 of the project is provisionally planned as a 100-keys all villa resort and luxury residences.

PROSPECTS

After making timely disposals in the previous fiscal year, the Group has been looking for new investment opportunities since the fourth quarter of 2008. As such, the Group took advantage of the economic downturn to purchase the Club Lusitano Building in Central, Hong Kong this year. Such opportunities were few and far between as the China and Hong Kong economies rebounded solidly since the second quarter of this year. But with signs that the Chinese government may slow down the stimulus program, there may be risk of a correction when liquidity becomes less abundant. Thailand, on the other hand, is certainly not out of the woods yet as the political impasse continues. In other parts of the world, record unemployment in the US, the recent "debt standstill" debacle in Dubai, and continued imbalance in the world financial system shows the fragility of the economic recovery in 2009. In view of the above, we believe that 2010 may bring new opportunities. Other than our traditional markets in Asia, the Group may also explore new markets in the Western world as well. With a strong financial position after the disposals made last year, the Group is in a good position to take advantage of available opportunities.

In October, the Hong Kong government announced its new policy allowing qualified industrial buildings to be converted to commercial use with nil premium. The Group welcomes this new policy and believes it will significantly benefit the industrial building sector as well as those neighbourhoods. Based on our understanding of the policy, the Group believes the Pioneer Building in Kwun Tong will be eligible for such conversion. As such, we are now currently examining various proposals for a potential conversion, with the view to maximize long term value for the property.

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 September 2009, 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 26.9% (31 March 2009: 7.8%) and net debt to shareholders' fund ratio was 19.9% (31 March 2009: Nil).

EMPLOYEES

As of 30 September 2009, the number of salaried staff not including associates was 16. 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.

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

During the six months ended 30 September 2009, 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 ended 30 September 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.

REVIEW OF INTERIM REPORT

The Audit Committee comprises three independent non-executive directors, including Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip. 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 2009.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 3 December 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.