Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2010

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 2010, together with the comparative figures for the corresponding period in 2009 as follows:

CONSOLIDATED INCOME STATEMENT

		For the year ended 31 March	
		2010	2009
		(Audited)	(Audited)
	Notes	***HK$'000***	*HK$'000*
Turnover			
Company and subsidiaries		**68,515**	119,038
Share of associates		**42,988**	46,149
		111,503	165,187
Turnover of Company and subsidiaries	*3*	**68,515**	119,038
Properties operating expenses		**(10,969)**	(7,228)
Staff costs		**(12,065)**	(11,616)
Depreciation and amortisation		**(4,470)**	(2,870)
Other expenses		**(3,299)**	(4,836)
		(30,803)	(26,550)
Operating profit	*3*	**37,712**	92,488
Share of profits of associates		**145,859**	8,568
Change in fair value of investment properties		**71,000**	(24,800)
Other gains and losses	*4*	**15,890**	(642)
Finance costs		**(4,611)**	(2,939)

	Notes	For the year ended 31 March	
		2010	2009
		(Audited)	(Audited)
	Notes	***HK$'000***	*HK$'000*
Profit before taxation		**265,850**	72,675
Taxation			
– current	*5*	**(1,144)**	(1,499)
– deferred	*5*	**(10,888)**	13,446
Profit for the year		**253,818**	84,622
Attributable to:			
Minority interests		**565**	(71)
Shareholders of the Company		**253,253**	84,693
		253,818	84,622
		HK cents	*HK cents*
Earnings per share	*7*	**32.92**	11.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Profit for the year	**253,818**	84,622
Other comprehensive income		
Change in fair value of available for sale investments		
– subsidiaries	**84,876**	(147,836)
– associates	**35,536**	(30,402)
Exchange difference on translation of		
– subsidiaries	**3**	(50)
– associates	**7,514**	(9,205)
Other comprehensive income for the year, net of tax	**127,929**	(187,493)
Total comprehensive income for the year	**381,747**	(102,871)
Total comprehensive income attributable to:		
Shareholders of the Company	**379,036**	(100,595)
Minority interests	**2,711**	(2,276)
	381,747	(102,871)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	At 31 March 2010 (Audited) HK$'000	At 31 March 2009 (Audited) HK$'000
ASSETS			
Non-current assets			
Investment properties		**508,800**	453,800
Leasehold properties	*8*	**427,707**	–
Associates		**710,449**	592,524
Available for sale investments		**361,279**	150,164
Property, plant and equipment	*8*	**2,322**	29,034
Other assets		**1,447**	1,447
		2,012,004	1,226,969
Current assets			
Debtors, advances & prepayments	*9*	**5,146**	24,612
Financial assets at fair value		**3,604**	32,262
Cash and bank balances		**86,930**	161,902
		95,680	218,776
Total assets		**2,107,684**	1,445,745
EQUITY			
Share capital		**76,935**	76,935
Reserves		**1,547,450**	1,187,648
Shareholders' funds		**1,624,385**	1,264,583
Minority interests		**15,933**	13,775
Total equity		**1,640,318**	1,278,358
LIABILITIES			
Non-current liabilities			
Secured bank loans		**271,100**	78,100
Deferred payment	*10*	**102,500**	–
Deferred tax liabilities		**61,105**	48,841
		434,705	126,941
Current liabilities			
Creditors & accruals	*11*	**22,620**	14,333
Secured bank loans		**8,173**	22,100
Tax liabilities		**1,868**	4,013
		32,661	40,446
Total liabilities		**467,366**	167,387
Total equity and liabilities		**2,107,684**	1,445,745

Notes:

1. BASIS OF PREPARATION

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS AND CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted the new and revised standards and interpretations ("new 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 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 a property cannot be separated. The financial impact on the early adoption of the HKAS 17 (Amendment) has been presented in Note 8 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.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Right Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exceptions for First-time Adoptors[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 July 2010.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 January 2013.

The Group is in the process of making an assessment of the potential impact of the above new and revised standards, amendments or interpretations. The Group is not yet in a position to determine the impact of these new and revised standards or interpretations on the results of operations and financial position of the Group.

3. SEGMENT INFORMATION

Business Segment

	Properties and hotels		Investments and others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment turnover						
Company and subsidiaries	**51,751**	70,779	**16,764**	48,259	**68,515**	119,038
Segment result	**21,946**	45,148	**15,935**	47,467	**37,881**	92,615
Unallocated corporate expenses					**(169)**	(127)
Operating profit					**37,712**	92,488
Share of profits of associates	**145,859**	8,568	**–**	–	**145,859**	8,568
Change in fair value of investment properties	**71,000**	(24,800)	**–**	–	**71,000**	(24,800)
Other gains and losses	**7,993**	3,633	**7,897**	(4,275)	**15,890**	(642)
Finance costs					**(4,611)**	(2,939)
Taxation					**(12,032)**	11,947
Minority interests					**(565)**	71
Profit attributable to shareholders					**253,253**	84,693

4. OTHER GAINS AND LOSSES

	2010	2009
	HK$'000	*HK$'000*
Net gain/(loss) on disposal of investments	**12,315**	(886)
Gain on disposal of investment properties and other fixed assets	**9,056**	159
Increase/(decrease) in fair value of financial assets	**660**	(3,389)
Provision for impairment losses on available for sale investments	**(5,422)**	–
Other (losses)/gains	**(719)**	3,474
	15,890	(642)

5. TAXATION

	2010			2009		
	Current taxation	**Deferred taxation**	**Total**	Current taxation	Deferred taxation	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong						
– provision for the year	**1,452**	**10,888**	**12,340**	1,429	(13,446)	(12,017)
– over-provision in prior year	**(330)**	**–**	**(330)**	–	–	–
Overseas						
– provision for the year	**22**	**–**	**22**	44	–	44
– under-provision in prior year	**–**	**–**	**–**	26	–	26
	1,144	**10,888**	**12,032**	1,499	(13,446)	(11,947)

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) 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.

6. DIVIDEND

	2010	2009
	HK$'000	*HK$'000*
Interim dividend of HK1.00 cent (2009: HK0.80 cent) per ordinary share	**7,694**	6,155
Proposed final dividend of HK1.80 cents (2009: HK1.50 cents) per ordinary share	**13,848**	11,540
	21,542	17,695

The 2010 final cash dividend of HK1.80 cents (2009: 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 ("AGM").

7. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK$253,253,000 (2009: HK$84,693,000) and on 769,359,104 shares (2009: 769,359,104 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2010 and 31 March 2009 as the Company had no dilutive potential ordinary shares during both years.

8. 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 and March 2008 financial position are as follows:

	At 31 March 2009	Reclassification	Total after reclassification
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	18,386	10,648	29,034
Leasehold land	10,648	(10,648)	–

	At 31 March 2008	Reclassification	Total after reclassification
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	20,762	10,885	31,647
Leasehold land	10,885	(10,885)	–

9. TRADE RECEIVABLES

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

	31 March 2010	31 March 2009
	HK$'000	*HK$'000*
0 – 30 days	**860**	498
31 – 60 days	**113**	455
61 – 90 days	**32**	455
> 90 days	**60**	44
	1,065	1,452

10. DEFERRED PAYMENT

On the acquisition of the 80-year leasehold interest of the Property 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..

11. 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:

	31 March 2010	31 March 2009
	HK$'000	*HK$'000*
0 – 30 days	**481**	678
31 – 60 days	**23**	183
61 – 90 days	**23**	183
> 90 days	**1,881**	299
	2,408	1,343

BUSINESS REVIEW

Throughout the 2009/2010 financial year, the world economy appeared to have stabilized on the back of unprecedented and concerted rescue packages from central governments around the world. With a successfully implemented massive stimulus program from the central government, China's economy and property markets recovered strongly, leading to early calls of "bubble" from the world media as well as renowned economists. Likewise, Hong Kong's economy and asset prices reacted positively to a historically low interest rate tied to loose US monetary policies and an economy tied to strong recovery in Mainland China.

However as we saw in recent months, the world economy is not quite out of the woods yet. The Euro sovereign debt and currency crisis illustrated clearly the fragility of this liquidity led recovery and brought back fears of a double dip recession.

During the financial year 2009/2010, the Group performed very strongly. For the year ended 31 March 2010, the Group had revenues of HK$111.5 million, compared to HK$165.2 million in 2009. The shortfall was due to income and dividends related to the sales of AIA Tower Macau and Kowloon City Plaza properties in financial year 2009. On the other hand, profit for the year improved significantly to HK$253.8 million, from HK$84.6 million in 2009. This substantial improvement in profit came as a result of the strong appreciation in value of investment properties held either directly or through associated companies.

Property Investments

In 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 generated a net profit of HK$12.5 million throughout the holding period.

In 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). The Club Lusitano Building has a GFA of 80,100 sq.ft. with annual rental of HK$22.7 million at the time of purchase. Implementing a hands-on asset management approach since taking over the property, we have been able to substantially increase rental rates for both renewals and new leases signed. And as at 31 March 2010, the property enjoys an occupancy rate of 92.3%. As reported previously, we are very pleased with this acquisition and plan to hold the property as a long-term investment for rental income and capital appreciation.

The Pioneer Building in Kwun Tong, Kowloon had HK$20.8 million in rental revenues during the year and an occupancy rate of 95.7% as at March 2010. The Group's retail properties at Maximall, North Point (comprising of total of GFA 63,840 sq.ft.) generated rental revenues of HK$5.9 million. The two properties also contributed fair value increase of HK$40.0 million and HK$20.5 million respectively. Overall, the Group's direct investment properties portfolio contributed fair value increase of HK$71.0 million during the year.

The Group manages and owns 30% of the 229,200 sq.ft. 68 Yee Wo Street property in Causeway Bay, Hong Kong. As at 31 March 2010, the occupancy rate of the property was 86.7% while the fair market valuation of the property rebounded from HK$1.375 billion to HK$1.77 billion, resulting in a HK$98.9 million fair value gain for the Group. During the period, three new tenants (2 restaurants and 1 retail tenant) replaced the anchor long-term tenant (GOD/Delay No Mall), which previously occupied 47,019 sq.ft. of the retail podium. In addition to taking up the space, the three new tenants will pay substantially higher rental rates, with escalating rental clauses, compared to the lease of GOD/Delay No Mall. 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 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 while valuation increased, contributing fair value gain of HK$32.7 million to the Group.

Investments in Hotel Industry

In November 2009, the Aisawan Resort & Spa in Pattaya, Thailand completed a major retrofit program, introducing new guest rooms, ballroom and meeting facilities, and a new beach club and swimming pools. Following the retrofit, the property was rebranded as Pullman Pattaya Aisawan Resort and is now managed by Accor Group of France under its "Pullman" premium five star brand. The Group is confident that this rebranding exercise has positioned the property competitively among the leading branded resorts in Pattaya.

On the other hand, the Thai tourism industry has been struck by both international and domestic challenges. First of all, the worldwide economic crisis has affected travelers' spending globally during 2009. Secondly, the Thai political crisis (which led to the closure of Bangkok's airports in November 2008) continued unabated in 2009 with the disruption of the ASEAN meeting in Pattaya in April 2009. Both of these events hit the Thai tourism industry hard. The effects of these factors, together with the renovation disturbances during the year, have had significant negative impacts on the performance of the Aisawan Resort. For the twelve months ended 31 March 2010, the resort had revenues of Baht 154.4 million, representing a decrease of 25.4% from the previous year (2009: Baht 206.9 million). Gross operating profit for the period was Baht 15.1 million, compared to Baht 86.4 million in 2009.

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. As the leading hotel company in Thailand, Dusit Thani did not escape the macro economic and political difficulties 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. For the twelve months ended 31 December 2009, Dusit Thani had revenues of Baht 3.05 billion (2008: Baht 3.73 billion) and net loss of Baht 108.0 million (2008: profit of Baht 216.6 million).

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. Phase 1 of the project is planned as a 100-keys all villa resort and luxury residences. As reported previously, a letter of intent has been signed with one of the top luxury hotel operators in the world to manage the resort and residences. Currently, the project is undergoing the design and planning stage, with construction start expected in the second half of 2011.

PROSPECTS

In October 2009, 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 property sector as well as those neighborhoods. In the past 6 months we have studied the policy and examined various proposals for a potential conversion of our Pioneer Building in Kwun Tong under this scheme. Currently we are in the process of working with our architect to finalize the most optimal conversion proposal with the view to maximize long-term value of the property.

Despite negative impacts of the political crises in 2008 and 2009, Thailand actually started 2010 on a positive note, with surprisingly strong economic data and a recovery in tourism for the first three months of the year. However, the political crisis hit yet again for the third time in as many years. This time a two-month siege of downtown Bangkok led to unprecedented violence and bloodshed. While the crowds have been dispersed for now, the political impasse continues with no solution in sight. We feel that the Thai economy is still facing many challenges in the year ahead.

As the world became convinced that the economy is on the path to recovery, the Chinese government heeded the "bubble" calls and pared back its massive stimulus program in April 2010. Soon after that, the Euro sovereign debt and currency crisis hit. Even if there is no double dip recession as many have feared, it is very clear that the recovery is not on solid grounds and there are continued imbalances in the world financial system. So, there will be plenty of uncertainties as we look ahead to the next twelve months. And uncertainties may bring additional opportunities. With a strong financial position, the Group will continue to take advantage of available opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2010, the Group continued to enjoy a strong financial position with substantial unutilized bank facilities. At 31 March 2010, the Group's total debt to shareholders' fund ratio was 23.5% (31 March 2009: 7.8%) and net debt to shareholders' fund ratio was 18.2% (31 March 2009: Not applicable).

EMPLOYEES

As at 31 March 2010, the number of salaried staff at the holding company level was 16 (2009: 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.

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK1.80 cents (2009: HK1.50 cents) per share for the year ended 31 March 2010. The proposed dividend is subject to the approval of shareholders at the forthcoming AGM and payable on 29 September 2010 to all persons registered as shareholders on 10 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The transfer books and register of members of the Company will be closed from 6 September 2010 to 10 September 2010, 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 Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 3 September 2010.

CORPORATE GOVERNANCE

During the year ended 31 March 2010, 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 13 September 2010. 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 2010, including the accounting principles and practices adopted by the Group and the adequacy of internal control 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, 5 July 2010

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.