



Pioneer
PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2004

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 (the “Group”) for the year ended 31 March 2004, together with the comparative figures for the corresponding period in 2003 as follows:

FINAL RESULTS

		For the year ended	
		31 March	
		2004	2003
		(Audited)	(Audited)
			(Restated)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover			
Company and subsidiaries	2	35,518	42,264
Share of listed associate		69,796	57,411
Share of unlisted associates		22,332	7,000
		<hr/> 127,646 <hr/>	<hr/> 106,675 <hr/>
Turnover of Company and subsidiaries	2	35,518	42,264
Properties operating expenses		(3,744)	(5,462)
Purchases for resale		(1,286)	(1,966)
Staff costs		(11,039)	(18,151)
Depreciation and amortisation		(822)	(1,021)
Other operating expenses		(5,034)	(6,191)
		<hr/> (21,925) <hr/>	<hr/> (32,791) <hr/>

Operating profit	2	13,593	9,473
Share of profits and (losses) of associates			
Listed		7,017	7,891
Unlisted		5,062	(12,144)
		25,672	5,220
Finance costs		(2,336)	(2,692)
Net profit on disposal of assets less impairment provisions		3,393	1,860
Profit before taxation		26,729	4,388
Taxation	3	(3,645)	(2,687)
		23,084	1,701
Minority interests		(1,218)	897
Profit attributable to shareholders		21,866	2,598
Earnings per share (HK cents)	4	2.92	0.35
Final dividend (proposed) per share (HK cents)		1.00	—

Notes:

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The audited consolidated financial statements are prepared in accordance with Hong Kong Statements of Standard Accounting Practice. The accounting policies used in the preparation of the financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2003, except that the Group has adopted the following new and revised SSAP which became effective on 1 April 2003.

SSAP12 (Revised) : Income taxes

Under SSAP12 (Revised), deferred tax liabilities and assets are recognised in respect of all temporary differences. Temporary differences are those differences between the carrying value of an asset or liability in the entity's balance sheet, and the tax base of that asset or liability; and the tax base of an asset or liability is the amount attributed to that asset or liability for tax purpose. Deferred tax liabilities and assets are calculated by applying the appropriate tax rate to temporary differences and tax losses.

The adoption of SSAP 12 (Revised), represents a change of accounting policy, which has been applied retrospectively and the comparative figures have been restated accordingly. This change in accounting policy has resulted in prior period adjustment to the opening balance of equity as at 1 April 2003 which has been restated and decreased by HK\$2,211,000 (1 April 2002: HK\$1,773,000).

Certain comparative figures have been reclassified to conform to the current year's presentation.

2. SEGMENT INFORMATION

Segment information is presented on a primary reporting basis by business segment.

Business segments

	Property		Investments		Information Technology		Consolidated	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Segment turnover								
Company and subsidiaries	<u>24,299</u>	<u>27,200</u>	<u>6,110</u>	<u>5,704</u>	<u>5,109</u>	<u>9,360</u>	<u>35,518</u>	<u>42,264</u>
Segment result								
Unallocated corporate expenses	8,896	8,981	5,741	5,496	543	(3,866)	15,180	10,611
							<u>(1,587)</u>	<u>(1,138)</u>
Operating profit							13,593	9,473
Share of profits and (losses) of associates								
- Listed	-	-	7,017	7,891	-	-	7,017	7,891
- Unlisted	5,062	(12,144)	-	-	-	-	5,062	(12,144)
Finance costs							(2,336)	(2,692)
Net profit on disposal of assets less impairment provisions							3,393	1,860
Taxation							(3,645)	(2,687)
Minority interests							<u>(1,218)</u>	<u>897</u>
Net profit							<u>21,866</u>	<u>2,598</u>

3. TAXATION

	2004			2003		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
Hong Kong Group	1,711	(62)	1,649	450	121	571
Overseas Group	6	-	6	306	-	306
Listed associate	1,311	277	1,588	1,498	312	1,810
Unlisted associate	326	76	402	-	-	-
	<u>3,354</u>	<u>291</u>	<u>3,645</u>	<u>2,254</u>	<u>433</u>	<u>2,687</u>

Hong Kong profits tax has been provided at the rate of 17.50% (2003: 16%) on the estimated Hong Kong source assessable profits for the year. Overseas tax in respect of the Group and the associates has been provided at the applicable rates in the countries in which the tax is levied.

4. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$21,866,000 (31 March 2003: HK\$2,598,000) and on 748,984,917 shares in issue during the year (31 March 2003: on weighted average number of 749,036,972 shares in issue during the year).

No diluted earnings per share have been presented for the years ended 31 March 2004 and 31 March 2003 as the exercised prices of the share options granted by the Company were higher than the fair value per share at the balance sheet date.

5. SUBSEQUENT EVENTS

In May 2004, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and PamFleet Investments Limited. The Group's investment was HK\$39 million. The joint venture subsequently purchased 2 real properties, Paliburg Plaza and Kowloon City Plaza for investment purposes. Details of transaction were provided in a circular to shareholders dated 15 June 2004.

In June 2004, the Group disposed an investment property – Unit D2, 17/F of Evergreen Villa, Hong Kong for HK\$19.6 million. Details of transaction were provided in a circular to shareholders dated 28 June 2004.

FINAL DIVIDEND

The Directors recommend the payment of a final scrip dividend for the year ended 31 March 2004 at the rate of 1 HK cent per share with cash option, payable on 15 October 2004 to all persons registered as shareholders on 2 September 2004 (2003: Nil). The transfer books and register of members of the Company will be closed from 30 August 2004 to 2 September 2004, both days inclusive.

Payment of the scrip dividend is conditional upon the passing of an ordinary resolution at the forthcoming annual general meeting and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued as the scrip dividend. A circular containing details of the proposed scrip dividend will be sent to shareholders of the Company in due course.

BUSINESS REVIEW

For the year ended 31 March 2004, the total turnover (including subsidiaries and share of associates) amounted to HK\$127.6 million (2003: HK\$106.7 million). Net profit for the Group improved significantly to HK\$21.8 million, compared to profit of HK\$2.6 million in 2003. The increase in net profit was due mainly to lower expenses, leading to higher operating profit, as well as significantly improved result from Global Gateway and contribution from the newly acquired Garden Beach Resort in Pattaya, Thailand.

Properties

During the period under review, the Group disposed of the investment properties at Mandarin Plaza, Tsim Sha Tsui, Evergreen Villa, Hong Kong and Tower Park in Thailand. The sale of these assets generated profit of HK\$6.9 million. As a result of the disposals, rental income from the Group's investment properties decreased to HK\$24.3 million (from HK\$27.2 million in 2003) while operating profit stayed roughly the same at HK\$8.9 million (HK\$9.0 million in 2003). The Pioneer Building in Kwun Tong has continued to achieve a high occupancy rate of 96%.

The Pacific Plaza on Huaihai Zhong Road, Shanghai is a joint venture property development 7.7% owned by the Group. Construction for the 790,000 sq.ft. grade A office tower is on-going and is expected to be completed in the first quarter of 2005.

Investments in Hotel Industry

On 10 October 2003, an associate company owned 49.5% by the Group purchased 100% interest in a Thai property fund (now named PGG Siam Property Fund) which owns the Garden Beach Resort, a 382 rooms beachfront resort hotel in Pattaya, Thailand, for a total consideration of Baht 870 million. Since the purchase by the Group, the asset has performed strongly. From the purchase date to 31 March 2004, the Garden Beach Resort reported revenues of Baht 127.8 million and gross operating profit of Baht 84.2 million. Profit contribution to the Group during the period was HK\$5.9 million.

An associate company owned 50% by the Group holds 10.28% of Dusit Thani Public Company Limited ("Dusit Thani"). Dusit Thani is a company listed on the Stock Exchange of Thailand and is the leading owner and operator of hotels in the country. For the year ended 31 December 2003, Dusit Thani achieved net profit of Baht 314.4 million (2002: Baht 441.4 million) on revenues of Baht 2.25 billion (2002: Baht 2.43 billion). The drop in revenues and profit were attributable mainly to the SARS epidemic in the second quarter of 2003, and also the US-Iraq war as well as renovations of the Dusit Thani Bangkok and Dusit Resort Pattaya during the year. The Thai tourism sector has since rebounded strongly from the SARS epidemic. It is expected that the company's performance will continue to grow going forward, especially upon the completion of the renovation of its flagship Dusit Thani Bangkok hotel later this year.

The Group's unlisted associate, Strand Hotels International Limited, is engaged in a 50/50 joint venture with the government of Myanmar to own and operate three hotels in Yangon for a period of 30 years. The three hotels are the 32 rooms Strand Hotel, the 238 rooms Dusit Inya Lake Resort, and the 58 rooms Thamada Hotel. In addition to the US-Iraq war and the SARS epidemic, tourism in Myanmar was also affected by the US led economic sanctions on the country starting July 2003. As the political impasse appears unlikely to ease in the foreseeable future, the directors have decided to make a provision in the amount of HK\$6.8 million for its investment

in Strand Hotels International Limited. Despite the challenging circumstances, the management is hopeful that the situation has stabilized, as evidenced by a 16% increase in tourist arrival in the first five months of 2004.

Global Gateway

Global Gateway is the 20:80 telecom infrastructure joint venture between the Group and Morgan Stanley Real Estate Funds. Currently Global Gateway owns and operates facilities totaling 834,000 sq.ft. in Hong Kong and Singapore. Our customers include high quality tenants from the logistics and industrial sectors as well as telecom users. Occupancy at Global Gateway's facilities in Hong Kong and Singapore are 82% and 32.2% respectively.

For the 12 months ended 31 March 2004, the Group's share of results in Global Gateway was a loss of HK\$1.8 million, compared to a loss of HK\$12.5 million in the year earlier period. The company reported a net loss due to the impairment loss of the Singapore property. Without this one time charge, Global Gateway produced positive operating results during the period.

Listed Associate

With a 14.31% stake, the Group is the largest single shareholder of Siam Food Products Public Company Limited, a leading pineapple producer listed on the Stock Exchange of Thailand. For the fiscal year ended 31 December 2003, Siam Food reported revenues of Baht 2.46 billion and net profit of Baht 205.5 million, compared to revenues of Baht 2.1 billion and net profit of Baht 240.2 million in 2002. Despite higher revenues in 2003, Siam Food's net profit decreased by 10% due to (1) the 8.2% increase of the Thai Baht against the US\$, (2) high fruits costs, and (3) the worldwide increase in raw material prices. In addition, the global rise in fuel cost triggered by the US-Iraq war resulted in higher transportation cost and can manufacturing cost.

As an associate company to the Group, Siam Food contributed profit of HK\$7.0 million during the 12 months ended 31 March 2004 (31 March 2003: HK\$7.9 million).

IT Services

Pioneer iConcepts Limited, the Group's 55% owned IT services subsidiary, continued to operate in a difficult business environment. For the year ended 31 March 2004, the company suffered a decline in revenues to HK\$5.1 million, from HK\$9.4 million in 2003. Despite the continued decline in revenues, the management was able to achieve a small profit of HK\$0.5 million, versus a loss of HK\$3.9 million in 2003, through stringent cost control measures. However, in view of the company's inability to grow into a sizeable business, the management has decided that it will wind down the operations of Pioneer iConcepts in an orderly manner.

LIQUIDITY AND FINANCIAL RESOURCES

As of 31 March 2004, the Group enjoyed a strong financial position, maintaining substantial unutilized bank facilities. At the balance sheet date, the Group's total debt to equity ratio was 9.3% (March 2003: 16.2%) and the net debt (net of cash and cash equivalent) to equity ratio was 5.9% (March 2003: 6.0%).

PROSPECTS

In May 2004, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and PamFleet Investments Limited to purchase two properties in Hong Kong. The two properties are the 217,625 sq.ft. Paliburg Plaza in Causeway Bay and the 640,000 sq.ft. Kowloon City Plaza in Kowloon City. Details of the transaction were provided in a circular to shareholders dated 15 June 2004.

In June 2004, the Group disposed its remaining investment property at Evergreen Villa for HK\$19.6 million. The transaction produced a profit of HK\$16.1 million for the Group. Details of the transactions were provided in a circular to shareholders dated 28 June 2004.

Garden Beach Resort is currently undergoing an extensive renovation program of its guestrooms and the addition of a full destination spa for the repositioning of the hotel into a 5-star resort and spa. While the occupancy of the resort will suffer during the renovation period from May to September 2004, the management is confident that with the completion of the renovation program, the property will become a significant contributor to the Group in the future.

In the coming year, the Group plans to continue to pursue attractive investment opportunities in the property and hotel sectors in the region.

PURCHASE, SALE OR REDEMPTION OF 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

The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 March 2004 and discussed with management the accounting principles and practices adopted by the Group as well as internal control and financial reporting matters.

COMPLIANCE WITH CODE OF BEST PRACTICE

Throughout the year ended 31 March 2004, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of the Stock Exchange, except that the independent non-executive directors have no specific

term of office but they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-Laws.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

The Annual Report of the Group for the year 2003/2004 containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (<http://www.hkex.com.hk>) in due course.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 20 July 2004

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., The Hon. Bernard Charnwut Chan and Mr. Arnold Tin Chee Ip.