



Pioneer  
**PIONEER GLOBAL GROUP LIMITED**

(Incorporated in Bermuda with limited liability)  
(Stock Code : 00224)

**INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004**

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 2004, together with the comparative figures for the corresponding period in 2003 as follows:

**CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT**

		For the six months ended	
		30 September	
		2004	2003
		(unaudited)	(unaudited)
	Note	HK\$'000	HK\$'000
Turnover			
Company and subsidiaries		16,653	19,913
Share of listed associate		27,505	34,431
Share of unlisted associates		12,644	5,683
		<u>56,802</u>	<u>60,027</u>
Turnover of Company and subsidiaries	2	<u>16,653</u>	<u>19,913</u>
Properties operating expenses		(2,099)	(1,945)
Purchases for resale		(337)	(705)
Staff costs		(4,256)	(6,343)
Depreciation & amortisation		(307)	(392)
Other operating expenses		(1,940)	(2,219)
		<u>(8,939)</u>	<u>(11,604)</u>
Operating profit	2	7,714	8,309
Share of profits and (losses) of associates			
Listed		(1,446)	1,310
Unlisted		3,027	(121)
		<u>9,295</u>	<u>9,498</u>

Finance costs		<b>(458)</b>	(1,328)
Net profit on disposal of assets less impairment provisions		<b>15,071</b>	1,580
Profit before taxation		<b>23,908</b>	9,750
Taxation	3	<b>(479)</b>	(672)
Minority interests		<b>23,429</b>	9,078
		<b>(92)</b>	(337)
Profit attributable to shareholders		<b>23,337</b>	8,741
Earnings per share ( <i>HK cents</i> )	4	<b>3.12</b>	1.17
Interim dividend	5	<b>3,847</b>	–

## CONDENSED CONSOLIDATED BALANCE SHEET

	<b>30 September 2004 (unaudited) HK\$'000</b>	<b>31 March 2004 (audited) HK\$'000</b>
Non-current assets		
Fixed assets	<b>172,522</b>	192,437
Listed associate	<b>50,537</b>	55,032
Unlisted associates	<b>206,028</b>	204,229
Investment securities	<b>147,178</b>	108,456
Other investments	<b>8,999</b>	7,383
	<b>585,264</b>	567,537
Current assets		
Debtors, advances & prepayments	<b>11,633</b>	4,957
Other investments	<b>18,294</b>	38,603
Cash and bank balances	<b>28,945</b>	18,914
	<b>58,872</b>	62,474
Current liabilities		
Creditors & accruals	<b>(11,656)</b>	(13,049)
Secured bank loans	<b>(51,800)</b>	(51,729)
Taxation	<b>(2,154)</b>	(1,962)
	<b>(65,610)</b>	(66,740)
Non-current liabilities		
Deferred taxation	<b>(2,500)</b>	(2,554)

Minority interests	<u>(1,518)</u>	<u>(2,134)</u>
Net assets	<u><b>574,508</b></u>	<u>558,583</u>
Capital and reserves		
Share capital	<b>74,895</b>	74,898
Reserves	<u><b>499,613</b></u>	<u>483,685</u>
Shareholders' funds	<u><b>574,508</b></u>	<u>558,583</u>

Notes:

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Statements of Standard Accounting Practice (SSAP25) "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies used in the preparation of interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2004.

## 2. SEGMENT INFORMATION

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

### Business Segment

	Property and Hotels		Investments and Others		Consolidated	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Segment turnover	<u>10,599</u>	<u>12,913</u>	<u>6,054</u>	<u>7,000</u>	<u>16,653</u>	<u>19,913</u>
Segment result	<b>3,297</b>	5,490	<b>5,142</b>	3,683	<b>8,439</b>	9,173
Unallocated corporate expenses					<u>(725)</u>	<u>(864)</u>
Operating profit					<b>7,714</b>	8,309
Share of profits and (losses) of associates						
Listed	-	-	<b>(1,446)</b>	1,310	<b>(1,446)</b>	1,310
Unlisted	<b>3,027</b>	(121)	-	-	<b>3,027</b>	(121)
Finance costs					<b>(458)</b>	(1,328)
Net profit on disposal of assets less impairment provisions					<b>15,071</b>	1,580
Taxation					<b>(479)</b>	(672)
Minority interests					<b>(92)</b>	(337)
Net profit					<u><b>23,337</b></u>	<u>8,741</u>

### 3. TAXATION

	Current taxation HK\$'000	2004 Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	2003 Deferred taxation HK\$'000	Total HK\$'000
The Company and its subsidiaries						
Hong Kong	514	(53)	461	316	219	535
Overseas	18	-	18	6	-	6
	<u>532</u>	<u>(53)</u>	<u>479</u>	<u>322</u>	<u>219</u>	<u>541</u>
Associates – overseas						
Listed	-	-	-	28	103	131
Unlisted	-	-	-	-	-	-
	<u>532</u>	<u>(53)</u>	<u>479</u>	<u>350</u>	<u>322</u>	<u>672</u>

Hong Kong profits tax has been provided at the rate of 17.50% (2003: 17.50%) 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.

### 4. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$23,337,000 (2003: Profit of HK\$8,741,000) and on weighted average number of 748,961,290 shares in issue during the period (2003: on 748,984,917 shares in issue during the period).

No diluted earnings per share have been presented for the periods ended 30 September 2004 and 2003 respectively 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. INTERIM DIVIDEND

The Board of Directors declares an interim dividend of HK 0.50 cent per share (2003: Nil), totalling HK\$3,847,000 for the six months ended 30 September 2004 (2003: Nil) to shareholders whose names appear on the registers of members of the Company at the close of business on 18 February 2005. This amount is not included as a liability in these interim financial statements.

### INTERIM DIVIDEND

The Board of Directors recommends the payment of an interim dividend of 0.5 HK cent per share for the six months ended 30 September 2004 (2003: Nil) payable on 21 February 2005 to all persons registered as shareholders on 18 February 2005. The transfer books and register of members of the Company will be closed from 14 February 2005 to 18 February 2005, both days inclusive.

## **BUSINESS REVIEW**

For the six months ended 30 September 2004, total turnover (including subsidiaries and share of associates) amounted to HK\$56.8 million (2003: HK\$60.0 million). I am pleased to report that net profit for the Group improved significantly to HK\$23.3 million, compared to profit of HK\$8.7 million during the same period in 2003.

### **Property Investments**

During the period under review, rental revenues from the Group's investment properties was HK\$10.6 million, compared to HK\$12.9 million in 2003. The decrease in rental revenues was due to the disposal by the Group some of its properties in Hong Kong and Thailand in the past twelve-month period. The disposals for the six months ended 30 September 2004 generated a net profit of HK\$13.8 million. Pioneer Building in Kwun Tong, the Group's main investment property in Hong Kong, has continued to perform satisfactorily and enjoys an occupancy rate of 93%.

Construction for the 790,000 sq.ft. Pacific Plaza in Shanghai is continuing as planned and the class-A commercial building is expected to be completed in 2005.

The performance of Global Gateway, the Group's 20:80 joint venture with Morgan Stanley Real Estate Funds, improved to a profit of HK\$1.1 million during the six months ended 30 September 2004 (2003: loss of HK\$1.7 million). Demand at Global Gateway's Hong Kong asset has been high, with the occupancy rate rising to 88%. We expect to see continued improvements in both occupancy and rental rates at this property. Occupancy at the company's Singapore facility has remained at 32%.

In May 2004, the Group formed a joint venture with Morgan Stanley Real Estate Funds and PamFleet Investments Limited to purchase the 217,625 sq.ft. 68 Yee Woo Street (previously named Paliburg Plaza) in Causeway Bay and the 640,000 sq.ft. Kowloon City Plaza in Kowloon City. The partners are currently finalizing plans to reposition these properties to take advantage of the resurgent Hong Kong property market.

### **Investments in Hotel Industry**

The PGG Siam Property Fund (49.5% owned by the Group) owns a 100% interest in the Garden Beach Resort (recently renamed to Aisawan Resort & Spa, see "Prospects"), a 382 rooms beachfront resort in Pattaya, Thailand. The tourism market in Pattaya and Thailand recovered strongly from the SARS epidemic of 2003. As a result, the Garden Beach Resort has performed well. Since the Group's acquisition on 10 October 2003 up to 30 September 2004, the resort achieved revenues of Baht 189 million and gross operating profit of Baht 100 million. Despite a major renovation and repositioning program from May 2004 to November 2004 which caused significant disruption to operations, this investment contributed HK\$0.2 million in profits to the Group for the six months ended 30 September 2004. For more information on the renovation and repositioning program, please see the "Prospects" section.

The Group's associate company Grandsworth Pte. Limited owns 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 2004, Dusit Thani reported revenues of Baht 1.8 billion (2003: Baht 1.6 billion) and net profits of Baht 341.1 million (2003: Baht 193.6 million). This associate contributed HK\$1.3 million in profits to the Group for the six months ended 30 September 2004.

## **Other Investments**

For the nine months ended 30 September 2004, Siam Food Products Public Company Limited suffered a net loss of Baht 5.15 million (2003: net profit of Baht 101.29 million). After multiple years of strong performance by the company, this year's disappointing result was due mainly to poor weather affecting pineapple harvest in Thailand. The flood in southwestern Thailand at the end of 2003 was followed by a drought in the beginning of 2004. The unusual weather patterns caused a 15-20% drop in pineapple supply in the country and significantly increased raw material prices. In addition, the company's profit margin was also hit by the increase in international commodities prices which affected the costs of cans, fuel, steel, and chemicals. As an associate company of the Group, Siam Food contributed a loss of HK\$1.4 million to the Group during the period under review. Looking forward, pineapple supply shall recover if the weather patterns normalize.

## **Liquidity and Financial Resources**

As of 30 September 2004, the Group continues to enjoy a strong financial position. At the balance sheet date, the Groups total debt to equity ratio was 9.0% (March 2004: 9.3%) and the net debt (net of cash) to equity ratio was 4.0 % (March 2004: 5.9%).

## **PROSPECTS**

The Garden Beach Resort in Pattaya, Thailand underwent an extensive renovation program which includes the upgrade of some of its guestrooms and the construction of a full service spa. This renovation program was completed in November 2004 and the resort is being repositioned as a 5-star hotel and relaunched under the new name, the Aisawan Resort & Spa ([www.aisawan.com](http://www.aisawan.com)). The management is confident that the Aisawan Resort & Spa will provide significant contribution to the Group. In addition, with the expected completion of the new Suvarnabhumi Airport in Bangkok in 4th Quarter 2005, travel time from Bangkok's international airport to Pattaya will be cut to less than one hour. This will no doubt further enhance Pattaya's position as an international resort destination.

Going forward, the Group plans to continue its strategy of acquiring investment properties and hotel assets in the region. In particular, the Group is currently looking at several opportunities in Hong Kong, Macau, and Thailand.

## **EMPLOYEES**

As at 30 September 2004, the number of salaried staff not including associates was 15. 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. Share options are granted by the Board of Directors to staff members as appropriate.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the six months ended 30 September 2004, the Company repurchased on The Stock Exchange of Hong Kong Limited 28,000 shares of HK\$0.10 each of the Company at a consideration of HK\$5,617. Repurchased shares were cancelled subsequent to the repurchase. Details of the repurchase of shares are as follows:

<b>Month of repurchase</b>	<b>Number of shares</b>	<b>Highest price per share</b>	<b>Lowest price per share</b>	<b>Aggregate consideration</b>
May 2004	28,000	HK\$0.200	HK\$0.195	HK\$5,617

## **REVIEW OF UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

The audit committee has reviewed the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 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 THE CODE OF BEST PRACTICE**

None of the Directors is aware of any information that would reasonably indicated that the Company is not, or was not, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited (“Stock Exchange”), during the six months ended 30 September 2004, except that the independent non-executive directors have no specific term of office but 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 FURTHER INFORMATION ON THE STOCK EXCHANGE’S WEBSITE**

All the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules of the Stock Exchange will be published on the Stock Exchange’s website (<http://www.hkex.com.hk>) in due course.

## **APPRECIATION**

On behalf of the Board, I would like to express our sincere gratitude to all the employees for their contributions.

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

Hong Kong, 6 December 2004