



Pioneer
PIONEER GLOBAL GROUP LIMITED

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005

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 2005, together with the comparative figures for the corresponding period in 2004 as follows:

CONDENSED CONSOLIDATED PROFIT & LOSS ACCOUNT

		For the six months ended 30 September	
		2005	2004
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
			(Restated)
Turnover			
Company and subsidiaries		28,634	16,653
Share of listed associate		30,103	27,505
Share of unlisted associates		15,122	12,644
		<u>73,859</u>	<u>56,802</u>
Turnover of Company and subsidiaries	3	<u>28,634</u>	<u>16,653</u>
Properties operating expenses		(4,938)	(2,099)
Purchases for resale		–	(337)
Staff costs		(4,996)	(4,256)
Depreciation & amortisation		(226)	(307)
Other operating expenses		(3,135)	(1,940)
		<u>(13,295)</u>	<u>(8,939)</u>
Operating profit	3	15,339	7,714
Change in fair value of investment properties		57,854	–
Change in fair value of financial assets		(2,133)	(1,701)
Net (loss)/profit on disposal of assets less impairment provisions		(147)	9,068
Share of profits and (losses) of associates			
Listed		111	(1,446)
Unlisted		19,364	3,027
Finance costs		(4,398)	(458)

Profit before taxation		85,990	16,204
Taxation	4	<u>255</u>	<u>(479)</u>
Profit after taxation		<u>86,245</u>	<u>15,725</u>
Allocated as:			
Minority interests		405	92
Profit attributable to shareholders		<u>85,840</u>	<u>15,633</u>
		<u>86,245</u>	<u>15,725</u>
Interim dividends	5	<u>3,847</u>	<u>3,847</u>
Earnings per share (<i>HK cents</i>)	6	<u>11.16</u>	<u>2.09</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	30 September 2005 (Unaudited) HK\$'000	31 March 2005 (Audited) HK\$'000 (Restated)
Non-current assets		
Fixed assets		
Investment properties	412,500	236,637
Other fixed assets	1,933	2,219
Listed associate	51,962	54,938
Unlisted associates	232,337	232,494
Investment securities & other investments	–	159,402
Available for sale investments	115,317	–
Loan & receivables	2,991	–
Deposits & advances	–	59,127
	<u>817,040</u>	<u>744,817</u>
Current assets		
Debtors, advances & prepayments	10,993	29,114
Financial assets	27,860	–
Other investments	–	30,293
Cash & bank balances	35,056	46,258
	<u>73,909</u>	<u>105,665</u>
Current liabilities		
Creditors & accruals	(11,758)	(15,586)
Secured bank loans	(61,806)	(143,700)
Taxation	289	(664)
	<u>(73,275)</u>	<u>(159,950)</u>
Net current assets/(liabilities)	<u>634</u>	<u>(54,285)</u>
Non-current liabilities		
Secured bank loans	(100,200)	(21,450)
Deferred taxation	(2,561)	(2,373)
	<u>(102,761)</u>	<u>(23,823)</u>
Net assets	<u><u>714,913</u></u>	<u><u>666,709</u></u>

Representing:

Share capital	76,935	76,935
Reserves	<u>636,596</u>	<u>588,293</u>
Shareholders' fund	713,531	665,228
Minority interests	<u>1,382</u>	<u>1,481</u>
Total equity	<u>714,913</u>	<u>666,709</u>

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2005

1. Basis of Presentation and Accounting Policies

These unaudited consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 – 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 set out in the annual financial statements for the year ended 31 March 2005, except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKASs") (collectively referred to as "new HKFRSs") which are relevant to its operation and effective for accounting periods commencing on 1 April 2005.

The changes in accounting policies, where material, are related to the following new and revised HKASs:

HKAS 32 – Financial Instruments: Disclosure and Presentation and HKAS 39 – Financial Instruments: Recognition and Measurement

In prior years, investments, other than investments in subsidiaries and associates, were classified as investment securities and other investments. Investment securities are securities intended to be held on a continuous basis and they were stated at cost less provision for impairment losses. Other investments are securities other than investment securities and they were stated at fair value. Changes in fair value were recognized in the profit and loss account.

Following the adoption of HKAS 32 & 39, investments of the Group are classified into three categories: financial assets, loans & receivables and available for sale investments. Financial assets are stated at fair value with changes recognized in the profit and loss accounts. Loans & receivables are carried at amortized cost using the effective interest method. Available for sale investments are carried at fair value with any changes recognized in equity. The Group has adopted HKAS 32 & 39 prospectively.

HKAS 40 – Investment Property

In prior years, investment properties were valued annually by independent professional valuers on an open market basis. Changes in the value of investment properties are dealt with in the investment properties revaluation reserve. If the total of these reserves was insufficient to cover a deficit on a portfolio basis, the excess of deficit was charged to the profit and loss account. On disposal of a revalued investment property, the relevant revaluation surplus or deficit was transferred to the profit and loss account.

Following the adoption of HKAS 40, the Group has elected to use the fair value model to account for investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognized directly in the profit and loss account for the period in which they arise. The HKAS 40 requires the change to be adopted retrospectively.

This changes in accounting policy has been applied retrospectively and comparative figures presented have been restated to confirm the changed policy. Profit for the year ended 31 March 2004 and 31 March 2005 have been increased by HK\$146,822,000 and HK\$209,928,000 respectively.

The effect on profit and loss, earnings per share and shareholders' funds, where material, of adopting the above new policies are set out in Note 2.

2. Effect of changes in accounting policies

(a) Effect on profit and loss and earnings per share

Six months ended 30 September 2005

	<i>Note</i>	After change <i>HK\$'000</i>	Prior to change <i>HK\$'000</i>	Increase (Decrease) <i>HK\$'000</i>	HKFRS
Operating profit		15,339	15,339	–	
Change in fair value of investment properties		57,854	–	57,854	HKAS 40
Change in fair value of financial assets		(2,133)	–	(2,133)	HKAS 32 & 39
Net loss on assets disposal less impairment		(147)	(2,280)	2,133	HKAS 32 & 39
Share of results of Listed associate		111	111	–	
Unlisted associates	<i>(i)</i>	19,364	61,290	(41,926)	HKAS 40
Finance costs		(4,398)	(4,398)	–	
		<u>85,990</u>	<u>70,062</u>	<u>15,928</u>	
Profit before taxation		85,990	70,062	15,928	
Taxation		255	255	–	
		<u>86,245</u>	<u>70,317</u>	<u>15,928</u>	
Profit after taxation		<u>86,245</u>	<u>70,317</u>	<u>15,928</u>	
Allocated as:					
Profit to minority interests		<u>405</u>	<u>405</u>	<u>–</u>	
Profit attributable to shareholders		<u>85,840</u>	<u>69,912</u>	<u>15,928</u>	
Earnings per share		<u>HK11.2 cents</u>	<u>HK9.1 cents</u>	<u>HK2.1 cents</u>	

Note (i)

The Group's unlisted associate, Global Gateway LP ("GG"), disposed its Hong Kong property in the current period. Prior to the adoption of HKAS 40, the Group's share of profit of GG in the current period would have been HK\$58,332,000. After the adoption of HKAS 40, the Group's share of profit of GG is HK\$16,406,000. The difference of HK\$41,926,000, which was the investment properties revaluation reserve of the GG's Hong Kong property, is deemed to be recognized in the profit and loss of the previous financial year ended on 31 March 2005 during which the revaluation was carried out.

Six months ended 30 September 2004

	<i>Note</i>	After change <i>HK\$'000</i>	Prior to change <i>HK\$'000</i>	Increase (Decrease) <i>HK\$'000</i>	HKFRS
Operating profit		7,714	7,714	–	
Change in fair value of investment properties	<i>(ii)</i>	–	–	–	HKAS 40
Change in fair value of financial assets		(1,701)	(1,701)	–	HKAS 32 & 39
Net profit on assets disposal less impairment	<i>(iii)</i>	9,068	16,772	(7,704)	HKAS 40
Share of results of Listed associate		(1,446)	(1,446)	–	
Unlisted associates		3,027	3,027	–	
Finance costs		(458)	(458)	–	
		<u>16,204</u>	<u>23,908</u>	<u>(7,704)</u>	
Profit before taxation		16,204	23,908	(7,704)	
Taxation		(479)	(479)	–	
		<u>15,725</u>	<u>23,429</u>	<u>(7,704)</u>	
Profit after taxation		<u>15,725</u>	<u>23,429</u>	<u>(7,704)</u>	
Allocated as:					
Profit to minority interests		<u>92</u>	<u>92</u>	<u>–</u>	
		<u>15,633</u>	<u>23,337</u>	<u>(7,704)</u>	
Profit attributable to shareholders		<u>15,633</u>	<u>23,337</u>	<u>(7,704)</u>	
Earnings per share		<u>HK2.1 cents</u>	<u>HK3.1 cents</u>	<u>HK(1.0) cents</u>	

Note (ii)

No revaluation of investment properties was carried out as at 30 September 2004.

Note (iii)

The decrease, HK\$7,704,000, was related to the revaluation reserve of the investment properties disposed during the period. After the adoption of HKAS 40, the HK\$7,704,000 revaluation reserve was deemed to be recognized in the profit and loss of previous financial years when such revaluation was carried out.

(b) Effect on shareholders' funds

	Effect on shareholders' funds			
	As at 31 March 2004 <i>HK\$'000</i>	As at 30 September 2004 <i>HK\$'000</i>	As at 31 March 2005 <i>HK\$'000</i>	As at 30 September 2005 <i>HK\$'000</i>
Adoption of:				
HKAS 32 & 39	<u>–</u>	<u>–</u>	<u>–</u>	<u>(26,067)</u>
HKAS 40	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

3. Segment Information

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

	Property and hotels		Investments and others		Consolidated	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Segment turnover						
Company and subsidiaries	<u>22,051</u>	<u>10,599</u>	<u>6,583</u>	<u>6,054</u>	<u>28,634</u>	<u>16,653</u>
Segment result	10,343	3,297	5,837	5,142	16,180	8,439
Unallocated corporate expenses					<u>(841)</u>	<u>(725)</u>
Operating profit					15,339	7,714
Change in fair value of investment properties					57,854	–
Change in fair value of financial assets					(2,133)	(1,701)
Net (loss)/profit on disposal of assets less impairment provisions					(147)	9,068
Share of profits and (losses) of associates						
– Listed	–	–	111	(1,446)	111	(1,446)
– Unlisted	19,364	3,027	–	–	19,364	3,027
Finance costs					(4,398)	(458)
Taxation					255	(479)
					<u>86,245</u>	<u>15,725</u>

4. Taxation

	2005			2004		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
The Company and its subsidiaries						
Hong Kong	(461)	246	(215)	514	(53)	461
Overseas	19	(59)	(40)	18	–	18
	<u>(442)</u>	<u>187</u>	<u>(255)</u>	<u>532</u>	<u>(53)</u>	<u>479</u>

Hong Kong profits tax has been provided at the rate of 17.50% (2004: 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.

5. Dividends

The Board of Directors declares an interim dividend of HK0.50 cent per share (2004: HK0.50 cent), totaling HK\$3,847,000 for the six months ended 30 September 2005 (2004: HK\$3,847,000) to shareholders whose names appear on the register of members of the Company at the close of business on 17 February 2006. 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\$85,840,000 (2004 restated: HK\$15,633,000) and on 769,359,104 shares in issue during the period (2004: on weighted average number of 748,961,290 shares in issue during the period).

No diluted earnings per share have been presented for the year ended 30 September 2005 and 30 September 2004 as the exercise prices of the share options granted by the Company were higher than the fair value per share at the balance sheet date.

7. Comparative Amounts

As further explained in Note 1, due to the adopting of new and revised HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year and opening adjustments have been made and certain comparative amounts have been restated to conform with the current year's presentation.

INTERIM DIVIDEND

The Directors recommend the payment of an interim dividend for the six months ended 30 September 2005 at the rate of HK0.50 cent per share (2004: HK0.50 cent per share), payable on 20 February 2006 to all persons registered as shareholders on 17 February 2006. The transfer books and register of members of the Company will be closed 13 February 2006 to 17 February 2006, both days inclusive.

BUSINESS REVIEW

For the six months ended 30 September 2005, total turnover for the Group including subsidiaries and share of associates increased by 30.0% to HK\$73.8 million (2004: HK\$56.8 million). The increase in turnover was due mainly to rental contribution from newly acquired assets, advisory fee earned from the sale of Global Gateway (Hong Kong), and revenue growth from Aisawan Resort & Spa.

I am also pleased to report that net profit for the Group increased significantly by 449.1% to HK\$85.8 million (2004 restated: HK\$15.6 million). It is important, however, to note that this year's net profit has been affected by the adoption of the new revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards. In the past, all revaluation gains are accumulated under reserves in the balance sheet and only revaluation losses are reflected in the Profit & Loss Statement if revaluation falls below book cost. Under the new standards, all revaluation gains (or losses) during the period are reflected in the P&L statement. The tables in Note 2(a) to the financial statements above show the P&L statement of the Group in comparison with the P&L statement had we used the previous accounting standards. While revaluation gains during the period amounted to HK\$57.9 million, profit from the asset disposal of Global Gateway was reduced by HK\$41.9 million as those gains were deemed by the revised accounting standard to be made in the past financial periods. The net effect of the new accounting standards for the Group was an additional gain of HK\$15.9 million during the period.

More significant, however, is that under the revised accounting standard on investment property all previously accumulated revaluation gains have now been moved directly from reserves into retained earnings even though they were never reported in the past P&L statements. So we now have an illogical situation of a large retained earnings on our balance sheet that have not been earned yet. The net effect is that when assets are actually sold in the future, we will no longer be able to report a significant portion of the actual gain (up to the last revaluation). And if valuation goes down in the future, we will have losses on asset values that were not realized yet.

Property Investments

For the six months period ended 30 September 2005, the Group's directly held investment properties generated rental revenues of HK\$13.2 million (2004: HK\$10.6 million). Pioneer Building, the Group's main investment property in Hong Kong, has continued to perform well with an occupancy rate of 98.3% at the end of the period.

Shanghai K Wah Centre, held through an associate of the Group, (previously reported as Phase II of the Pacific Plaza project in Shanghai) has been very well received by the market and the building enjoys an occupancy rate of over 90% as at the end of this reporting period.

As reported previously in the 2004/05 reporting year, 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 in Causeway Bay and the 640,000 sq.ft. Kowloon City Plaza in Kowloon City. The properties were purchased by the JV consortium through a securitization vehicle with an existing debt of HK\$1.2 billion. In September 2005, the JV consortium successfully refinanced the debt and increased leverage to HK\$1.5 billion. A large portion of the refinancing proceeds have been distributed to the shareholders and the Group's share of the distribution was HK\$12.0 million.

During the period under review, the Group's associate Global Gateway sold its Hong Kong asset for a consideration of HK\$754.2 million. A Purchase & Sale Agreement was also signed for Global Gateway's Singapore asset for a consideration of S\$14.4 million. As explained before, while the Group's actual gain from this sale will be HK\$58.3 million, the accounting profit reported during this period was only HK\$16.4 million as HK\$41.9 million of the profit was assumed to be recognized in the previous period under the new accounting standards. In terms of cash receipt, the Group received a distribution of HK\$103.0 million from the sale of Global Gateway's sale of its Hong Kong asset. In addition to the profit on the sale, the Group has also been paid an advisory fee of HK\$7.5 million in connection to this transaction.

In March and April 2005, the Group purchased a total of 63,840 sq.ft. in Maximall, City Garden, North Point from three different vendors for a total consideration of HK\$117.7 million. During the period, the Group finalized plans to turn the entire basement of Maximall into a themed education center for young children. The themed education center will be managed by an independent operator under the trade name "QQ Club". Revenues to the Group will be in the form of fixed minimum rent plus percentage of turnover. The renovation of the "QQ Club" project was completed in November 2005 and the center is expected to soft open in December 2005. As of to-date, all space in QQ Club has already been 100% pre-leased.

In May 2005, the Group entered into a joint venture with Morgan Stanley Real Estate Funds and Wachovia Development Corporation to acquire a 22-storey, 437,000 sq.ft. commercial building in Macau for HK\$600 million. The Group's 25% interest in the joint venture is accounted for as investment in an associate company. The property is currently being renovated into a class-A commercial/retail/entertainment building and pre-leasing marketing activities have started since September 2005. The renovation of the property is expected to be completed by the end of March 2006. At the date of reporting, a financial institution has signed up an anchor lease to occupy about 16% with an option to take up to 30% of the total office space.

Investments in Hotel Industry

For the six months ended 30 September 2005, the Aisawan Resort & Spa in Pattaya, Thailand produced revenues of Baht 99.6 million (2004: Baht 60.7 million) and gross operating profits of Baht 41.2 million (2004: Baht 15.5 million). By the second quarter of 2005, tourism business in Pattaya has fully recovered from the December 2004 tsunami that hit many beach resorts in the Andaman Sea and Indian Ocean. We expect that Aisawan Resort & Spa and the Pattaya market in general will enjoy a strong high season this winter. Through an associate company, Aisawan Resort & Spa contributed HK\$1.5 million to the Group during the period (2004: HK\$0.2 million).

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. During the 9 months ended 30 September 2005, Dusit Thani had revenues of Baht 2.0 billion (2004: Baht 1.8 billion) and net income of Baht 154.2 million (2004: Baht 341.1 million which included a debt restructuring gain of Baht 261.0 million).

Other Investments

For the 9 months ended 30 September 2005, Siam Food Products Public Company Limited ("Siam Food"), a listed associate of the Group, reported revenues of Baht 1.7 billion (2004: Baht 1.7 billion) and net profit of Baht 4.5 million (2004: loss of Baht 5.1 million). As an associate company of the Group, Siam Food contributed a small profit of HK\$0.1 million for the six months ended 30 September 2005 (2004: loss of HK\$1.4 million).

LIQUIDITY AND FINANCIAL RESOURCES

As of 30 September 2005, 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 22.7% (March 2005: 24.8%) and the net debt (net of cash and cash equivalent) to shareholders' fund ratio was 17.8% (March 2005: 17.9%).

PROSPECTS

During the period, the Group has made a number of new property investments and all of these new projects are progressing in accordance to plan. Going forward, the Group plans to enhance its existing portfolio of assets while continuing to look selectively for attractive real estate and hotels investments in the region.

EMPLOYEES

As at 30 September 2005, the number of salaried staff not including associates was 17 (March 2005: 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 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

The Audit Committee comprises the three Independent Non-executive Directors, including Dr. Charles Wai Bun Cheung, J.P., The Hon. Bernard Charnwut Chan and Mr. Arnold Tin Chee Ip. The Committee has reviewed the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2005 and discussed with management the accounting principles and practices adopted by the Group as well as internal control and financial reporting matters.

CORPORATE GOVERNANCE

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2005 except that the Independent Non-executive Directors have no specific term of office but are subject to retirement by rotation and re-election in accordance with the provisions of the Company's Bye-Laws. According to the Bye-Laws of the Company, at every annual general meeting, one-third of the Directors for the time being or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office. The Directors to retire on each occasion shall be those who have been longest in office since their last election. Accordingly, no Director has a term of appointment longer than three years. Therefore, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the Code.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the period ended 30 September 2005.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the information required by 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.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 7 December 2005

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