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Pioneer

PIONEER GLOBAL GROUP LIMITED

建生國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2023

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 2023, together with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended	
		31 March	
	<i>Notes</i>	2023	2022
		HK\$'000	HK\$'000
Revenue	<i>3, 4</i>	<u>238,397</u>	<u>263,023</u>
Properties operating expenses		(55,981)	(45,862)
Staff costs		(19,103)	(20,217)
Depreciation		(830)	(920)
Other expenses		<u>(4,922)</u>	<u>(4,596)</u>
		<u>(80,836)</u>	<u>(71,595)</u>

		For the year ended	
		31 March	
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
Operating profit	<i>3</i>	157,561	191,428
Share of results of associates		5,264	23,253
Change in fair value of investment properties		5,972	89,050
Change in fair value of investments in equity instruments at fair value through profit or loss (“FVTPL”)		(23,043)	5,263
Other gains and losses		247	(7,901)
Finance costs	<i>5</i>	(68,999)	(44,362)
Profit before taxation	<i>6</i>	77,002	256,731
Taxation			
Current	<i>7</i>	(8,082)	(16,832)
Deferred	<i>7</i>	(4,525)	(5,477)
Profit for the year		64,395	234,422
Profit attributable to:			
Shareholders of the Company		59,835	211,814
Non-controlling interests		4,560	22,608
		64,395	234,422
		HK cents	HK cents
Earnings per share	<i>9</i>	5.18	18.35

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
Profit for the year	<u>64,395</u>	<u>234,422</u>
Other comprehensive income/(expense):		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments in equity instruments designated at fair value through other comprehensive income ("FVTOCI")	2,487	(11,582)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Change in fair value of investments in debt instruments at FVTOCI	–	(65)
Reclassification of investment revaluation reserve upon redemption of debt instruments at FVTOCI	(345)	–
Exchange difference on translation of associates	<u>(29,428)</u>	<u>(10,866)</u>
Other comprehensive expense for the year, net of tax	<u>(27,286)</u>	<u>(22,513)</u>
Total comprehensive income for the year	<u><u>37,109</u></u>	<u><u>211,909</u></u>
Total comprehensive income attributable to:		
Shareholders of the Company	30,642	190,899
Non-controlling interests	<u>6,467</u>	<u>21,010</u>
	<u><u>37,109</u></u>	<u><u>211,909</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	At 31 March 2023 HK\$'000	At 31 March 2022 HK\$'000
ASSETS			
Non-current assets			
Investment properties		7,903,300	7,895,300
Interests in associates		2,584,702	2,553,828
Debt instruments at FVTOCI		–	1,985
Equity instruments designated at FVTOCI		204,384	248,934
Equity instruments at FVTPL		154,924	178,774
Property, plant & equipment		2,350	3,157
Other assets		300	300
		10,849,960	10,882,278
Current assets			
Debtors, advances & prepayments	<i>10</i>	26,960	21,855
Tax recoverable		942	1,129
Cash & bank balances		262,773	227,329
		290,675	250,313
Total assets		11,140,635	11,132,591
EQUITY			
Share capital		115,404	115,404
Reserves		7,450,457	7,442,896
Shareholders' funds		7,565,861	7,558,300
Non-controlling interests		1,105,652	1,115,185
Total equity		8,671,513	8,673,485

		At 31 March 2023 HK\$'000	At 31 March 2022 HK\$'000
LIABILITIES			
Non-current liabilities			
Creditors & other payables	<i>11</i>	42,673	34,884
Secured bank loans		1,617,500	2,281,000
Lease liabilities		237	585
Deferred taxation		86,237	81,712
		<u>1,746,647</u>	<u>2,398,181</u>
Current liabilities			
Creditors & other payables	<i>11</i>	57,905	59,511
Secured bank loans		663,500	–
Lease liabilities		349	353
Tax liabilities		721	1,061
		<u>722,475</u>	<u>60,925</u>
Total liabilities		<u>2,469,122</u>	<u>2,459,106</u>
Total equity and liabilities		<u><u>11,140,635</u></u>	<u><u>11,132,591</u></u>
Net current (liabilities)/assets		<u><u>(431,800)</u></u>	<u><u>189,388</u></u>
Total assets less current liabilities		<u><u>10,418,160</u></u>	<u><u>11,071,666</u></u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

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

The accounting policies and methods of computation used by the Group in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 March 2022, except for the changes as set out below.

During the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's primary business segments. In accordance with the internal financial reporting of the Group provided to the chief operating decision maker (i.e. Board of Directors) for the purposes of allocating resources to segments, assessing their performance and making strategic decisions, the reportable and operating segments are (i) properties and hotels and (ii) investments and others.

The following are the analyses of the Group's revenue and results; assets and liabilities by reportable and operating segments for the year under review:

Segment Revenue and Results

For the year ended 31 March 2023 (31 March 2022)

	Properties and hotels		Investments and others		Consolidated	
	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue						
Company and subsidiaries	<u>224,485</u>	<u>254,770</u>	<u>13,912</u>	<u>8,253</u>	<u>238,397</u>	<u>263,023</u>
Segment results	144,829	184,257	13,104	7,326	157,933	191,583
Unallocated corporate expenses					<u>(372)</u>	<u>(155)</u>
Operating profit					157,561	191,428
Share of results of associates	5,264	23,253	–	–	5,264	23,253
Change in fair value of investment properties	5,972	89,050	–	–	5,972	89,050
Change in fair value of investments in equity instruments at FVTPL	(23,043)	5,263	–	–	(23,043)	5,263
Other gains and losses	(29)	(7,800)	276	(101)	247	(7,901)
Finance costs					<u>(68,999)</u>	<u>(44,362)</u>
Profit before taxation					<u>77,002</u>	<u>256,731</u>

Segment results represent the profit earned by each segment without allocation of general administrative expenses incurred by corporate office, share of results of associates, change in fair value of investment properties, change in fair value of investments in equity instruments at FVTPL, other gains and losses and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

Segment Assets and Liabilities

As at 31 March 2023 (31 March 2022)

	Properties and hotels		Investments and others		Consolidated	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Segment assets	8,243,968	8,256,723	311,965	322,040	8,555,933	8,578,763
Interests in associates	2,584,702	2,553,828	–	–	2,584,702	2,553,828
Consolidated total assets					<u>11,140,635</u>	<u>11,132,591</u>
Segment liabilities	(2,466,468)	(2,456,191)	(607)	(954)	(2,467,075)	(2,457,145)
Unallocated corporate liabilities					<u>(2,047)</u>	<u>(1,961)</u>
Consolidated total liabilities					<u>(2,469,122)</u>	<u>(2,459,106)</u>

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable and operating segments other than interests in associates.
- all liabilities are allocated to reportable and operating segments other than creditors and other payables of investment holding companies.

Geographical Segments

In geographical segments, segment revenue is based on the geographical location of customers. Information about the Group's non-current assets (excluding financial instruments) is presented based on the geographical location of the assets. Overseas segments mainly include China, Thailand, Malaysia and Japan.

Segment revenue

For the year ended 31 March 2023 (31 March 2022)

	2023 HK\$'000	2022 HK\$'000
Hong Kong	233,429	260,493
Overseas	4,968	2,530
	<u>238,397</u>	<u>263,023</u>

Information about the Group's non-current assets

As at 31 March 2023 (31 March 2022)

	2023 HK\$'000	2022 HK\$'000
Hong Kong	9,732,346	9,705,680
Overseas	758,306	746,905
	<u>10,490,652</u>	<u>10,452,585</u>

4. REVENUE

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2023 HK\$'000	2022 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Property management service income	35,540	37,850
Revenue from other sources		
Rental income from property leasing	188,945	216,920
Dividend income		
– equity instruments designated at FVTOCI	8,195	7,391
Interest income		
– financial assets at amortised cost	5,321	792
– debt instruments at FVTOCI	21	70
Others	375	–
	<u>238,397</u>	<u>263,023</u>

5. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest on bank loans	68,963	38,017
Interest on lease liabilities	36	54
Other finance costs	–	6,291
	<u>68,999</u>	<u>44,362</u>

6. PROFIT BEFORE TAXATION

	2023 HK\$'000	2022 HK\$'000
Profit before taxation has been arrived at after charging:		
Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	15,722	16,836
Short-term lease payment for directors' quarters	3,120	3,120
Pension scheme contributions	261	261
Auditor's remuneration	645	620
Depreciation	830	920
Net exchange loss	110	–
and after crediting:		
Rental income from property leasing	188,945	216,920
Less: direct outgoings	(19,587)	(7,186)
Listed investment dividend income	6,195	5,703
Unlisted investment dividend income	2,000	1,688
Interest income	5,342	862
Net exchange gain	–	6

7. TAXATION

	2023			2022		
	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000	Current taxation HK\$'000	Deferred taxation HK\$'000	Total HK\$'000
Charged/(credited) for the year						
Hong Kong	7,961	5,025	12,986	16,822	5,102	21,924
Overseas	–	(500)	(500)	–	375	375
Under-provision in prior years	121	–	121	10	–	10
	<u>8,082</u>	<u>4,525</u>	<u>12,607</u>	<u>16,832</u>	<u>5,477</u>	<u>22,309</u>

Hong Kong profits tax for both years are calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Overseas tax has been provided at the applicable rates in the countries in which the tax is levied.

8. DIVIDENDS

	2023 HK\$'000	2022 HK\$'000
Interim dividend – Nil (2022: HK1.0 cent) per ordinary share	–	11,540
Final dividend proposed – HK1.5 cents (2022: HK2.0 cents) per ordinary share	<u>17,311</u>	<u>23,081</u>
	<u>17,311</u>	<u>34,621</u>
The dividends which have been paid during the year by cash are as follows:		
Interim dividend for the year ended 31 March 2023 (2022)	–	11,540
Final dividend for the year ended 31 March 2022 (2021)	<u>23,081</u>	–
	<u>23,081</u>	<u>11,540</u>

The 2023 final cash dividend of HK1.5 cents (2022: HK2.0 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.

9. EARNINGS PER SHARE

Earnings per share is calculated on profit attributable to ordinary shareholders of the Company amounting to HK\$59,835,000 (2022: HK\$211,814,000) and on 1,154,038,656 shares (2022: 1,154,038,656 shares) in issue during the year.

No diluted earnings per share have been presented for the years ended 31 March 2023 and 2022 as the Company had no dilutive potential ordinary shares during both years.

10. DEBTORS, ADVANCES & PREPAYMENTS

Debtors, advances & prepayments comprised the following:

	2023 HK\$'000	2022 HK\$'000
Deferred rental receivables	12,396	8,408
Other deposits and prepayments	10,724	8,193
Debtors	3,840	5,254
	26,960	21,855

Debtors mainly comprise rental receivables. Rent from leasing of investment properties are normally received in advance.

At the reporting date, the aging analysis of the debtors based on the date of invoices and which are past due was as follows:

	2023 HK\$'000	2022 HK\$'000
0 – 30 days	2,554	3,341
31 – 60 days	404	1,816
61 – 90 days	305	69
> 90 days	577	28
	3,840	5,254

11. CREDITORS & OTHER PAYABLES

	2023	2022
	HK\$'000	HK\$'000
Creditors & other payables (due within one year)		
Rental deposits received	22,936	29,544
Accruals and other payables	29,378	21,249
Creditors	5,591	8,718
	57,905	59,511
Creditors & other payables (due more than one year)		
Rental deposits received	42,673	34,884
	100,578	94,395

At the reporting date, the aging analysis of the creditors based on the date of the invoices was as follows:

	2023	2022
	HK\$'000	HK\$'000
0 – 30 days	3,527	6,232
31 – 60 days	915	1,119
61 – 90 days	226	393
> 90 days	923	974
	5,591	8,718

BUSINESS REVIEW

The past year was a difficult one for the world economy. Although growth resumed with the end of the COVID-19 pandemic, the confluence of deglobalization trends, supply chain disruptions during COVID shut-downs across the globe, “helicopter money” style monetary support from the world’s major central banks, and the shock of the Russia-Ukraine war produced a perfect storm for the highest inflation rates seen in 40 years. In order to battle runaway inflation, the US Fed reversed many years of easy monetary policy and raised interest rate at a speed that surprised most market experts. As the sudden reversal of easy monetary policy continued through Q1 2023, cracks started to show in the financial system, which led to the collapse of several regional US banks as well as Credit Suisse in Europe. It is clear that the world economy has not reached a healthy equilibrium.

Our operating environment was particularly difficult because Hong Kong and China were the last places in the world to drop COVID travel and other restrictions. During the year, Hong Kong was hit by the “fifth wave” of COVID-19 during the first and second quarters of 2022 and the Hong Kong government maintained highly restrictive travel and quarantine policies for much of the year until nearly the end of Q4 2022. After the lifting of COVID-19 restrictions, the hotel and retail sectors showed encouraging signs of recovery in Q1 2023. This was a welcome reprieve as our Regent Hotel Hong Kong soft opened after 2 years of major renovations. However, the office sector suffered falling rental rates and vacancies not seen for nearly 20 years. Even the re-opening of borders has thus far not reversed this trend. In line with the rest of the market, our investment properties portfolio has also been facing challenges, with falling rental and occupancy rates. In light of additional new office supply under construction, the challenging conditions facing the office sector in Hong Kong will likely persist for the foreseeable future.

The recovery of Thailand’s tourism industry after the lifting of COVID restrictions has been promising. During 2022, more than 11 million visitors entered Thailand, compared to only 428,000 international arrivals in all of 2021. Even though these numbers are still a far cry from the record of nearly 40 million visitors in 2019, our hotels in Bangkok and Pattaya have both swung back to profitability. In particular, Pattaya performed strongly as the leisure sector recovered ahead of business travels. The recovery has been encouraging as outbound travel from China has not started in earnest in Q1 2023. Since it is the largest source market for Thailand before COVID, the re-opening of outbound travels from China will continue to feed the strong recovery of Thailand’s hotel and tourism sector.

For the fiscal year ended 31 March 2023, the Group had revenues of HK\$238.4 million, compared to HK\$263.0 million from the same period in 2022. The drop in revenues was due mainly to the decrease in rental income from our investment properties, resulting from the challenges facing the overall office sector in Hong Kong. Operating profit for the year was HK\$157.6 million, compared to HK\$191.4 million the year before. The decline in operating profit was due to the fall in rental income mentioned above, plus higher rental agency fees and utility expenses. Share of results of associates was HK\$5.3 million, a decrease from HK\$23.3 million during the same period in 2022. This was caused by operating losses and higher interest expense of The Regent Hotel Hong Kong, despite an increase in fair value of the hotel following the substantial completion of renovations at the end of 2022, and the positive recovery of our hotels in Thailand (gain of HK\$38.8 million this year, versus a loss of HK\$11.8 million in 2022). Increase in fair value of investment properties amounted to only HK\$6.0 million, a substantial decrease compared to the gain of HK\$89.1 million

for the prior fiscal year, when the office sector in Hong Kong was still resilient and valuation gains were supported by low interest rates. Change in fair value in our equity holdings in investment properties (Ciro's Plaza in Shanghai and Cityplaza Three and Four in Hong Kong) also saw a loss of HK\$23.0 million (2022: profit of HK\$5.3 million). Due to the rise in interest rates, finance costs increased substantially from HK\$44.4 million (in 2022) to HK\$69.0 million for this fiscal year. As a result, the Group's net profit for the year decreased to HK\$64.4 million (2022: HK\$234.4 million), of which net profit attributable to shareholders was HK\$59.8 million (2022: HK\$211.8 million).

Property Investments (Hong Kong and Asia)

By Subsidiaries

At the end of 31 March 2023, the occupancy rate of Pioneer Place (245,678 sq. ft.) in Kwun Tong, Hong Kong was 76%, down from 80% in March 2022. Due to a substantial supply of new office stock in the area, the East Kowloon district had been the most challenging district in Hong Kong for office leasing, with high vacancies and falling rental rates. For the fiscal year, Pioneer Place contributed rental and related revenues of HK\$44.2 million (2022: HK\$59.5 million) and a fair value increase of HK\$21.0 million (2022: no fair value increase).

As of the end of March 2023, the Group's 60% owned 68 Yee Wo Street Building (229,200 sq. ft.) in Causeway Bay, Hong Kong had an occupancy rate of 89% (31 March 2022: 86%). Despite a slight increase in occupancy, average rental rates have been dropping throughout the year. For the year ended 31 March 2023, the property had rental and related revenues of HK\$100.0 million (2022: HK\$115.1 million) and a fair value decrease of HK\$20.0 million (2022: no fair value increase).

Due to the successful completion of a major renovation of its carpark and new arrival lobby areas, the Club Lusitano Building (80,100 sq. ft.) in Central, Hong Kong was able to maintain a full occupancy rate of 100%, compared to an occupancy rate of 86% a year ago. However, average rental rates have declined along with the general office market in Hong Kong. For the fiscal year, the property contributed HK\$56.9 million (2022: HK\$57.4 million) in rental and related revenues and fair value increase of HK\$8.0 million (2022: HK\$73.6 million).

At the end of the reporting period, the 56,740 sq. ft. commercial podium of Kiu Fat Building (115 – 119 Queen's Road West) in Sai Ying Pun, Hong Kong maintained an occupancy rate of 100%, benefiting from long-term leases. For the twelve months ended 31 March 2023, the property contributed HK\$21.2 million (2022: HK\$20.6 million) in rental and related revenues and no fair value increase (2022: fair value increase of HK\$14.0 million).

By Associates

The Group has an investment in Shanghai K. Wah Centre (7.7%) in China through an associate company. As of 31 March 2023, the property maintained a healthy occupancy rate of 90% (which was a decrease from a 99% occupancy rate on 31 March 2022) and the share of associate's results recorded a profit of HK\$11.0 million (2022: HK\$15.1 million).

The Group owns an effective stake of 5.1% in three adjacent commercial buildings in Tokyo, Japan through an associate company. The three buildings are the Aoyama Building (400,594 sq. ft.), Mihashi Building (5,419 sq. ft.), and Clover Aoyama Building (9,250 sq. ft.) on Aoyama Dori on top of three subway lines. As of 31 March 2023, the three buildings had occupancy rates of 75%, 91%, and 90% (31 March 2022: 97%, 80% and 70%) respectively. Like many parts of the world, Tokyo experienced a work-from-home phenomenon during the Covid pandemic. The return to office has been slower than expected, resulting in a tough office leasing environment. During the reporting period, this investment recorded a share of associate's loss of HK\$7.4 million (2022: HK\$7.9 million). The share of associate's loss was mainly due to the devaluation of the Japanese Yen.

By Equity Instruments

The Group is part of an investment consortium that owns the Cityplaza Three (half block) and Cityplaza Four in Tai Koo Shing, Hong Kong. The two adjacent buildings have a total GFA of 792,780 sq. ft. and the Group's investment constitutes a 0.9% effective stake in the properties. As of 31 March 2023, the properties had an occupancy rate of 77% (31 March 2022: 82%). This investment recorded a fair value loss of HK\$2.2 million during the period (2022: HK\$1.4 million fair value increase).

The Group has an investment in Ciro's Plaza (4.0%) in Shanghai, China through an equity instrument. As of 31 March 2023, the property had an occupancy rate of 76% (31st March 2022: 79%) and the investment recorded a fair value loss of HK\$20.8 million (2022: HK\$3.9 million fair value increase), mostly due to currency adjustment.

Hotel Investments (Hong Kong and Thailand)

The Group's investments in the hotel industry have all been made through associate companies.

The Group owns 30% in The Regent Hotel Hong Kong. The hotel (previously known as The InterContinental Hong Kong) had been closed for renovation since April 2020 and was partially soft opened as The Regent Hotel Hong Kong in December 2022, re-establishing the original name of the hotel when it was first opened in 1980s. During renovation, the only part of the hotel that remained operational had been the Yan Toh Heen Restaurant. In late December 2022, the hotel's lobby lounge, Harbourside Restaurant, and the Steak House were opened for business. The first batch of rooms (Level 4) was ready for guests by end of March 2023. The April average occupancy was 60.7% with average daily room rate of HK\$5,202. Whilst it is too early and with too few rooms for operating numbers to show, reviews from customers on the new restaurants and hotel rooms have also been very positive. For the fiscal period, the share of results from this associate recorded a loss of HK\$50.8 million (2022: gain of HK\$28.3 million) mainly due to loan interest, pre-opening expenses and operating loss. These losses are well within the reopening plans.

Due to the removal of all travel restrictions by the Thai government, the tourism industry improved substantially and our two Thai hotels both returned to profitability during the year. For the twelve months ended 31 March 2023, the Pullman Bangkok Hotel G (owned by the Group's 49.5% owned associate company) had revenues of Baht 400.7 million (HK\$91.0 million equivalent) (2022: Baht 154.5 million, HK\$36.2 million equivalent) and operating profit of Baht 113.3 million (HK\$25.7 million equivalent) (2022: loss of Baht 2.6 million, HK\$0.6 million equivalent), with an average occupancy of 55% (2022: 24%). During the same period, the Pullman Pattaya Hotel G (held by the Group through the same 49.5% owned associate that holds the Pullman Bangkok Hotel G) had revenues of Baht 346.2 million (HK\$78.6 million equivalent) (2022: Baht 134.2 million, HK\$31.4 million equivalent) and operating profit of Baht 112.8 million (HK\$25.6 million equivalent) (2022: Baht 6.4 million, HK\$1.5 million equivalent), with an average occupancy rate of 73% (2022: 32%). The share of results of the Thai associate recorded a profit of HK\$38.8 million (2022: loss of HK\$11.8 million) during the period.

PROSPECTS

Looking forward, challenges remain, but there are also reasons to be relatively optimistic. The drop of all COVID restrictions by the Hong Kong government at the end of Q4 2022 led to a substantial recovery of the hotel and retail sectors in the city. With China also dropping its COVID restrictions in Q1 2023, we expect that this recovery will continue to gather steam. Due to time needed for the ramp up of airline flights and time for passport renewals and visa processes, outbound travel from China is nowhere near pre-Covid levels yet. Hence, travel recovery will continue to improve across the region, including our markets in Hong Kong and Thailand. In particular, we are optimistic that The Regent Hotel Hong Kong will become a substantial contributor (after losses in the past 3 years) again when all the rooms are completed for the hotel's planned grand opening in Q4 of this year.

On the other hand, office sectors across our markets will continue to be challenging. In particular, Hong Kong is facing the highest office vacancies in decades, with many international corporations still freezing or cutting back operations in the city. In addition, there are still substantial new supply coming up in the pipeline. Until Chinese corporates return to expansion mode, the office market here will continue to face an uphill battle.

While interest rates are probably close to the peak in this cycle, global inflation remains elevated. With the surprisingly strong performance of US equities, the market seems to be shrugging off the regional US banking crisis and the collapse of Credit Suisse. Hence, unless there is a new crisis or serious recession, it is expected that interest rates will stay high, even if rates have peaked. This will continue to put pressure on the global economy.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group continued to enjoy a healthy financial position. As at 31 March 2023, the Group had cash and bank balances amounting to HK\$262.8 million (31 March 2022: HK\$227.3 million) together with an undrawn standby banking facility of HK\$50.0 million (31 March 2022: HK\$50.0 million).

As at 31 March 2023, the total bank borrowings of the Group were HK\$2,281.0 million (31 March 2022: HK\$2,281.0 million). The bank loan of Club Lusitano Building of HK\$263.5 million will be re-financed in September 2023 and the bank loan of Kiu Fat Building of HK\$400.0 million will be re-financed in February 2024. The Group's total debts to total assets ratio was 20.5% (31 March 2022: 20.5%) and net debt to total assets ratio was 18.1% (31 March 2022: 18.4%).

There is no foreign currency risk to the Group's financial liabilities as they are all denominated in Hong Kong dollars. However, the Group has investments in associates operating in Thailand, China and Japan with carrying amounts of HK\$356.4 million, HK\$219.8 million and HK\$110.7 million equivalents respectively as at 31 March 2023 (31 March 2022: HK\$324.3 million, HK\$241.1 million and HK\$121.6 million equivalents respectively). The management will closely monitor the currency market and take any necessary measures to reduce the exposure.

Pledge of Assets

At the year-end date, investment properties with a carrying value of HK\$7,825.1 million (31 March 2022: HK\$7,814.1 million) were pledged to secure bank loan facilities to the extent of HK\$2,281.0 million (31 March 2022: HK\$2,281.0 million) of which all facilities have been fully utilized.

Contingent Liabilities

As at 31 March 2023, the Group had guarantees of HK\$1,879.8 million (31 March 2022: HK\$1,879.8 million) given to a bank in respect of banking facilities utilised by subsidiaries.

EMPLOYEES

As at 31 March 2023, the number of salaried staff at the holding company level was 17 (31 March 2022: 18). 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 HK1.5 cents (2022: HK2.0 cents) per share for the year ended 31 March 2023. The proposed dividend is subject to the approval of shareholders at the forthcoming annual general meeting ("AGM") and payable on 19 October 2023 to all persons registered as shareholders on 29 September 2023.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The AGM of the Company is scheduled to be held on Friday, 8 September 2023. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 4 September 2023 to 8 September 2023, both days inclusive, during which period no transfer of shares will be effected.

In order to be eligible to attend and vote at the AGM, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 September 2023.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The record date for entitlement to the proposed final dividend is Friday, 29 September 2023. For determining the entitlement to the proposed final dividend for the year ended 31 March 2023, the register of members of the Company will be closed from 26 September 2023 to 29 September 2023, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 September 2023.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance to protect the interests of its shareholders and to enhance corporate value and accountability.

The Company has adopted the principles and the corporate governance code (the "CG Code") set out in Part 2 of Appendix 14 of the Listing Rules. The Company has complied with all the code provisions set out in the CG Code throughout the year under review.

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 auditor the accounting principles and practices adopted by the Group, the risk management and internal control system, the internal audit function and the consolidated financial statements of the Group for the year ended 31 March 2023. The Committee is satisfied with the review and has no disagreement regarding the financial results for the year ended 31 March 2023. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2023 have also been agreed with the Company's external auditor to the amounts set out in the Group's consolidated financial statements for the financial year.

By Order of the Board
Pioneer Global Group Limited
Kenneth Gaw
Managing Director

Hong Kong, 29 June 2023

As at the date of this announcement, the executive directors of the Company are Mrs. Rossana Wang Gaw, Mr. Goodwin Gaw, Mr. Kenneth Gaw, Ms. Christina Gaw and Mr. Alan Kam Hung Lee 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.

* *For identification purpose only*