



Pioneer

**PIONEER GLOBAL GROUP LIMITED**

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

**INTERIM RESULTS FOR THE SIX MONTHS  
ENDED 30 SEPTEMBER 2008**

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 2008, together with the comparative figures for the corresponding period in 2007 as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT**

		<b>For the six months ended 30 September</b>	
		<b>2008</b>	<b>2007</b>
	<i>Note</i>	<b>(Unaudited) HK\$'000</b>	<b>(Unaudited) HK\$'000</b>
Turnover			
Company and subsidiaries		<b>91,940</b>	25,192
Share of associates		<b>25,471</b>	13,817
		<b>117,411</b>	<b>39,009</b>
Turnover of Company and subsidiaries	2	<b>91,940</b>	25,192
Properties operating expenses		<b>(3,614)</b>	(4,878)
Staff costs		<b>(4,613)</b>	(4,725)
Depreciation and amortisation		<b>(1,110)</b>	(1,515)
Other expenses		<b>(2,893)</b>	(1,482)
		<b>(12,230)</b>	(12,600)
Operating profit	2	<b>79,710</b>	12,592
Share of profits of associates		<b>41,112</b>	24,384
Change in fair value of investment properties		<b>2,603</b>	29,726
Other gains and losses	3	<b>(2,929)</b>	10,641
Finance costs		<b>(1,723)</b>	(3,396)
Profit before taxation		<b>118,773</b>	73,947
Taxation– current	4	<b>(1,141)</b>	(2,806)
– deferred	4	<b>8,940</b>	(5,373)
Profit for the period		<b>126,572</b>	65,768
Attributable to:			
Minority interests		<b>728</b>	665
Shareholders of the Company		<b>125,844</b>	65,103
		<b>126,572</b>	65,768
Interim dividend	5	<b>6,155</b>	6,155
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	6	<b>16.36</b>	8.46

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>Note</i>	<b>30 September 2008 (Unaudited) HK\$'000</b>	31 March 2008 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties		502,500	555,600
Associates		624,619	791,952
Available for sale investments		157,616	245,332
Property, plant and equipment		9,245	20,762
Leasehold land		–	10,885
Other assets		1,447	1,447
		<u>1,295,427</u>	<u>1,625,978</u>
<b>Current assets</b>			
Debtors, advances and prepayments		14,089	13,127
Financial assets at fair value		19,762	6,288
Cash and bank balances		226,599	22,367
		<u>260,450</u>	<u>41,782</u>
<b>Total assets</b>		<u><u>1,555,877</u></u>	<u><u>1,667,760</u></u>
<b>EQUITY</b>			
Share capital	7	76,935	76,935
Reserves		1,290,105	1,305,938
		<u>1,367,040</u>	<u>1,382,873</u>
Shareholders' funds		14,938	15,986
Minority interests		<u>1,381,978</u>	<u>1,398,859</u>
<b>Total equity</b>		<u><u>1,381,978</u></u>	<u><u>1,398,859</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Secured bank loans		17,000	93,050
Deferred tax liabilities		53,347	62,287
		<u>70,347</u>	<u>155,337</u>
<b>Current liabilities</b>			
Creditors and accruals		15,681	20,513
Secured bank loans		83,200	89,513
Tax liabilities		4,671	3,538
		<u>103,552</u>	<u>113,564</u>
<b>Total liabilities</b>		<u><u>173,899</u></u>	<u><u>268,901</u></u>
<b>Total equity and liabilities</b>		<u><u>1,555,877</u></u>	<u><u>1,667,760</u></u>

## NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 September 2008

### 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These unaudited consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard No. 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 2008.

In the current period, the Group adopted the new interpretation of Hong Kong Financial Reporting Standards (“HKFRS”) below, which is relevant to its operations.

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HKFRS 2 – Group and Treasury Share Transactions

The adoption of this new interpretation has had no significant impact on the Group’s results and financial position nor any material changes in the Group’s accounting policies and presentation of the financial statements.

### 2. SEGMENT INFORMATION

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

	For the period ended 30 September					
	Property and Hotel		Investments and Others		Consolidated	
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment turnover</b>						
Company and subsidiaries	<u>84,422</u>	<u>16,824</u>	<u>7,518</u>	<u>8,368</u>	<u>91,940</u>	<u>25,192</u>
<b>Segment result</b>	<b>72,776</b>	4,698	<b>7,023</b>	8,011	<b>79,799</b>	12,709
Unallocated corporate expenses					<u>(89)</u>	<u>(117)</u>
Operating profit					<b>79,710</b>	12,592
Share of profits of associates	<b>41,112</b>	24,384	–	–	<b>41,112</b>	24,384
Change in fair value of investment properties	<b>2,603</b>	29,726	–	–	<b>2,603</b>	29,726
Other gains and losses	–	–	<b>(2,929)</b>	10,641	<b>(2,929)</b>	10,641
Finance costs					<b>(1,723)</b>	(3,396)
Taxation					<b>7,799</b>	(8,179)
Minority interests					<u>(728)</u>	<u>(665)</u>
					<u><b>125,844</b></u>	<u>65,103</u>

### 3. OTHER GAINS AND LOSSES

	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Change in fair value of financial assets	(1,731)	1,728
(Loss)/gain on disposal of available for sale investments	(2)	9,792
Loss on disposal of financial assets	(1,355)	–
Gain on disposal of investment properties	159	–
Impairment loss on available for sale investments and other assets	–	(833)
Others	–	(46)
	<u>(2,929)</u>	<u>10,641</u>

### 4. TAXATION

	<b>Current</b> <b>taxation</b> <i>HK\$'000</i>	<b>2008</b> <b>Deferred</b> <b>taxation</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>	Current taxation <i>HK\$'000</i>	2007 Deferred taxation <i>HK\$'000</i>	Total <i>HK\$'000</i>
The Company and its subsidiaries						
Hong Kong	1,133	(8,940)	(7,807)	2,790	5,373	8,163
Overseas	8	–	8	16	–	16
	<u>1,141</u>	<u>(8,940)</u>	<u>(7,799)</u>	<u>2,806</u>	<u>5,373</u>	<u>8,179</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) 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. INTERIM DIVIDEND

The Board of Directors declares an interim dividend of HK0.80 cent per share (2007: HK0.80 cent), totaling HK\$6,155,000 for the six months ended 30 September 2008 (2007: HK\$6,155,000) to shareholders whose names appear on the register of members of the Company at the close of business on 8 January 2009. 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\$125,844,000 (2007: HK\$65,103,000) and on 769,359,104 shares in issue during both periods of 2007 and 2008.

No diluted earnings per share have been presented for the periods ended 30 September 2008 and 30 September 2007 as the Company had no dilutive potential ordinary shares during both years.

## 7. SHARE CAPITAL

	No. of Shares of HK\$0.10 each	HK\$'000
Authorised		
At 30 September 2008 and 31 March 2008	<b><u>2,000,000,000</u></b>	<b><u>200,000</u></b>
Issued and fully paid		
At 30 September 2008 and 31 March 2008	<b><u>769,359,104</u></b>	<b><u>76,935</u></b>

## 8. CONTINGENT LIABILITIES AND COMMITMENTS

	30 September 2008 HK\$'000	31 March 2008 HK\$'000
Guarantees		
on utility deposits	160	160
Commitments		
for total future minimum lease payments		
– not later than one year	2,562	1,440
– later than one year and not later than five years	3,689	720
for purchase of investment properties		
– later than one year and not later than five years	12,548	12,548
for purchase of available for sale investments		
– not later than one year	3,900	–

## INTERIM DIVIDEND

The Board of Directors recommends the payment of an interim dividend for the six months ended 30 September 2008 at the rate of HK0.80 cent per share (2007: HK0.80 cent), payable on 12 January 2009 to all persons registered as shareholders on 8 January 2009. The transfer books and register of members of the Company will be closed from 5 January 2009 to 8 January 2009, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Friday, 2 January 2009.

## BUSINESS REVIEW

The first half of this fiscal year has indeed been a tumultuous one. The world financial markets have experienced a crisis of unprecedented proportions. First came the collapse of US investment bank Bear Sterns in March, then came the bankruptcy of Lehman Brothers and the government bailout of American International Group in September along with the capital injection by the US Federal Reserve into every major banking institution in the United States. European governments followed suit with state sponsored bailouts of their own institutions. And Hong Kong Government took the unusual step of guaranteeing all deposits in the territory's banks.

Along this backdrop, the Group's results for the six months ended 30 September 2008 was very satisfactory. Total revenues including share of associates was HK\$117.4 million, an increase of 201.0% over the same period in 2007 (2007: HK\$39.0 million). Net profit was HK\$126.6 million, an increase of 92.4% from 2007 (2007: HK\$65.8 million). The main reasons for the increase in revenues and net profits were due to the profits and fees from the disposals of the Group's interests in Kowloon City Plaza and AIA Tower, Macau.

### **Property Investments**

On 5 September 2008, the Group, along with its joint venture partners, sold the 437,000 sq.ft. AIA Tower in Macau for HK\$1.2 billion. The property was first acquired as a vacant abandoned building in 2005. Since the completion of a major refurbishment program and the re-launch under its current name, the property has become one of the leading Class A office towers in Macau both in terms of tenant mix and rental rates. At the time of sale, 88.1% of the building had been leased. This transaction generated total profits of HK\$349.6 million for the joint venture company. As the managing partner of the joint venture company, the Group was paid a carried interest of HK\$27.9 million based on profits generated for the partners. In addition, the Group also generated profits of HK\$87.4 million from its 25% interest in the joint venture (HK\$17.0 million profit through an associated company has been reported in current period and the balance was recognized in previous reporting periods from revaluation gains).

In June 2008, the Group and its joint venture partners sold the 640,000 sq.ft. Kowloon City Plaza for a consideration of HK\$1.47 billion. As a result, the joint venture paid out a dividend of HK\$35.1 million to the Group.

The Group manages and owns 30% of the 229,200 sq.ft. 68 Yee Wo Street property in Causeway Bay, Hong Kong. The property consists of a 16-storey office building and an 8-storey retail and carpark podium. As at the end of the reporting period, the occupancy rate of the property was 96.0%. While the occupancy has been down from the last period (99.0%), we have been able to renew as well as sign new leases at much higher rates than existing levels during the period.

The Shanghai K. Wah Centre, a GFA 750,000 sq.ft. commercial tower in Shanghai held through an associated company, contributed HK\$20.0 million profit to the Group mostly through revaluation gains.

Other properties wholly owned by the Group performed satisfactorily. The Pioneer Building in Kwun Tong, Kowloon had HK\$9.1 million in net rental revenues while enjoying full occupancy. The Group's properties (comprising of total of GFA 63,840 sq.ft.) at Maximall, City Garden, North Point generated net rental revenues of HK\$2.8 million.

### **Investments in Hotel Industry**

For the six months ended 30 September 2008, Aisawan Resort & Spa in Pattaya, Thailand had revenues of Baht 89.8 million, representing a decrease of 19.2% from the previous year (2007: Baht 111.1 million). Gross operating profit for the period was Baht 29.0 million, compared to Baht 48.1 million in 2007. After a superb high season during the first three months of the year, the resort (and Thailand's tourism industry as a whole) started to suffer from the multiple effects of strong Baht, high travel costs (oil price), and ultimately the political turmoil in Thailand. While the Baht has weakened and oil price has come down since their heights this summer, the political situation took a turn for

the worse. Since this summer, anti-government groups have occupied the government compound and had clashes with pro-government groups. One Prime Minister has resigned and his replacement is now also under pressure. While these disturbances were mostly quite limited in scale, it painted a very negative image of Thailand around the world and discredited Thailand's reputation as a stable country.

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. For the nine months ended 30 September 2008, Dusit Thani had revenues of Baht 2.41 billion (2007: Baht 2.15 billion) and net profit of Baht 204.2 million (2007: Baht 39.4 million).

## **PROSPECTS**

Based on 3rd Quarter GDP figures, Hong Kong has now reported two consecutive quarters of negative growth. The question is no longer whether we are in a recession, but how long and how deep it will be. The strength and power of this "financial tsunami" have been extraordinary. And the modern banking landscape that we were familiar with has been forever changed.

For the Group's businesses, we will need to be prepared for possible write down in asset values in the second half of the year. Our investments in Thailand will also suffer due to the continued political impasse in that country. At the time of writing of this report, anti-government groups have occupied Bangkok's international airport and disrupted all flights in and out of the country. If these events continue unabated, Thailand's tourism industry will be severely affected.

On the other hand, the Group can confirm it does not currently have any speculative financial instruments in our investment portfolio.

But history has shown time and again that extraordinary events will bring extraordinary opportunities and those with patience and vision will be richly rewarded. The timely disposal of some of our assets during the period has left the Group in a strong net cash position which will allow us to take advantage of opportunities when they present themselves. We are certain that there will be immensely good investment opportunities for the Group in the next 18 months or more.

While it is now clear that Asia is not "decoupled" from the global credit crisis, Asia has learned its lessons from its own financial crisis 10 years ago and as a result, leverage levels are much lower this time around and there is limited mismatch of foreign currency loans. We believe that Asia will be much better positioned to weather this downturn. China, in particular, is in the best position to make an early recovery. Due to its aggressive tightening policies over the past two years and the fall in commodity prices (thus relieving any inflationary pressure), China now has a lot of weaponry in its arsenal to boost economic growth. Based on policy announcements in recent weeks, it is clear that China will continue to aggressively loosen its monetary policies and provide fiscal stimulus until it achieves a soft landing of the economy. If China is able to achieve an early recovery, Hong Kong will also be the first to benefit.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As of 30 September 2008, the Group continued to enjoy a strong financial position. At the balance sheet date, the Group had cash of HK\$226.6 million with outstanding debt of HK\$100.2 million and its total debt to shareholders' fund ratio was 7% (March 2008: 13%).

## **EMPLOYEES**

As at 30 September 2008, the number of salaried staff not including associates was 17. 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.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

During the six months ended 30 September 2008, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the shares of the Company.

## **CORPORATE GOVERNANCE**

During the six months ended 30 September 2008, 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.

## **REVIEW OF INTERIM REPORT**

The Audit Committee comprises three independent non-executive directors, including Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip. The Committee has reviewed and recommended for board approval of the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2008.

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

Hong Kong, 1 December 2008

*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.*