



Pioneer

PIONEER GLOBAL GROUP LIMITED

(incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2003

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 2003, together with the comparative figures for the corresponding period in 2002 as follows:

FINAL RESULTS

		For the year ended 31 March	
		2003	2002
		HK\$'000	HK\$'000
Turnover	2	<u>42,264</u>	<u>49,256</u>
Properties operating expenses		(5,462)	(3,970)
Purchases for resale		(1,966)	(4,200)
Staff costs		(18,151)	(25,063)
Depreciation & amortisation		(1,021)	(1,113)
Other operating expenses		<u>(6,191)</u>	<u>(6,875)</u>
		<u>(32,791)</u>	<u>(41,221)</u>
Operating profit	2	9,473	8,035

Share of profits and (losses) of associates			
Listed		7,891	7,032
Unlisted		(12,144)	(26,444)
		<u>5,220</u>	<u>(11,377)</u>
Finance costs		(2,692)	(586)
Net profit/(loss) on disposal of assets less impairment provisions		1,860	(41,293)
Profit/(loss) before taxation		4,388	(53,256)
Taxation	3	(2,254)	(2,126)
		<u>2,134</u>	<u>(55,382)</u>
Minority interests		897	1,844
Profit/(loss) attributable to shareholders		3,031	(53,538)
Earnings/(loss) per share (HK cents)	4	0.40	(7.11)

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 (“SSAP”). 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 2002, except that the Group has adopted the following new and revised SSAPs which became effective on 1 April 2002.

SSAP 1 (Revised)	:	Presentation of financial statements
SSAP11 (Revised)	:	Foreign currency translation
SSAP15 (Revised)	:	Cash flow statements
SSAP34	:	Employee benefits

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	
	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment turnover	27,200	26,541	5,704	5,690	9,360	17,025	<u>42,264</u>	<u>49,256</u>
Segment result	8,981	7,995	5,496	5,455	(3,866)	(4,088)	10,611	9,362
Unallocated corporate expenses							<u>(1,138)</u>	<u>(1,327)</u>
Operating profit							9,473	8,035
Share of profits and (losses) of associates								
– Listed	–	–	7,891	7,032	–	–	7,891	7,032
– Unlisted	(12,144)	(25,936)	–	–	–	(508)	(12,144)	(26,444)
Finance costs							(2,692)	(586)
Net profit/(loss) on disposal of assets less impairment provisions							1,860	(41,293)
Taxation							(2,254)	(2,126)
Minority interests							<u>897</u>	<u>1,844</u>
Net profit/(loss)							<u>3,031</u>	<u>(53,538)</u>

No geographical segment information is presented as over 90% of the Group's turnover was derived from customers in Hong Kong during the year.

3. Taxation

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Current provision		
Hong Kong	450	522
Overseas	306	246
(Over)/Under provision in prior years		
Hong Kong	–	(73)
	<u>756</u>	<u>695</u>
Listed associate, overseas taxation	1,498	1,431
	<u><u>2,254</u></u>	<u><u>2,126</u></u>

Hong Kong profits tax has been provided at the rate of 16% (2002 : 16%) on the estimated Hong Kong source assessable profits for the year. Overseas tax in respect of the Group and the listed associate has been provided at the applicable rates in the countries in which the tax is levied.

In respect of deferred taxation, the Group has not made provision for potential liabilities representing taxation in the event of future disposal of certain properties amounting to HK\$1,630,000 (2002: HK\$1,500,000). This liability has not been provided for because it is not the present intention of the directors that the Group disposes of these properties.

4. Earnings/(Loss) per share

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$3,031,000 (2002: Loss of HK\$53,538,000) and on the weighted average number of 749,036,972 shares in issue during the year (2002: on the weighted average number of 752,468,545 shares in issue during the year).

No diluted earnings or loss per share have been presented for the years ended 31 March 2003 and 31 March 2002 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.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2003 (2002: Nil). No interim dividend for the 6 months ended 30 September 2002 had been declared.

BUSINESS REVIEW

For the year ended 31 March 2003, the direct revenues (excluding associates) for the Group amounted to HK\$42.3 million (2002: HK\$49.2 million) and operating profit was HK\$9.5 million (2002: HK\$8.0 million). The decline in revenues was due solely to the drop in IT services revenues. The increase in operating profit was the result of continued cost cutting measures achieved during the period. In addition, as a result of improved performance from all associates during the year, net profit for the Group improved to HK\$3.0 million, from a loss of HK\$53.5 million in 2002.

Properties and Securities Investments

Rental income from the Group's investment properties increased to HK\$27.2 million (from HK\$26.5 million in 2002) while operating profit increased to HK\$9.0 million (from HK\$8.0 million in 2002). In spite of the weak economic environment, the Pioneer Building in Kwun Tong has continued to achieve a high occupancy rate of 98%.

The Pacific Plaza on Huaihai Zhong Road, Shanghai is a joint venture property development 15.4% owned by a 50% associated Company of the Group. The development comprises two development phases. Phase-1 development, which was a luxurious residential property development, was completed and fully sold. Construction for the Phase-2 790,000 sq.ft. grade A office tower has commenced and is expected to be completed by the 2004/2005 fiscal year.

For the year ended 31 March 2003, dividends and interest income were HK\$2.0 million (2002: HK\$3.8 million) and HK\$3.7 million (2002: HK\$ 1.9 million) respectively.

IT Services

Pioneer iConcepts Limited, the Group's 55% owned IT services subsidiary, operated in an extremely difficult environment during the period. While the company continued to have support from its key corporate customers, revenues declined from HK\$17 million in 2002 to HK\$9.4 million in the 12 months ended 31 March 2003 due to drastic cutbacks in corporate IT spending by customers. On the other hand, even though the company suffered a significant decline in revenues, operating loss was contained at HK\$3.9 million (2002: loss of HK\$4.1 million) due to continued cost cutting measures implemented by the management.

Global Gateway

Global Gateway is the 20:80 telecom infrastructure joint venture between the Group and Morgan Stanley Real Estate Funds. The Group is the managing partner contributing management and technical expertise to the joint venture. During the 12 month period ended 31 March 2003, Global Gateway disposed of its facility in Seattle. In April 2003, Global Gateway also disposed of its facility in San Diego. The two disposals resulted in an aggregate loss of HK\$5.1 million. As a result, Global Gateway currently owns and operates facilities totaling 834,000 sq.ft. in Hong Kong and Singapore. Due to the continued turmoil surrounding the telecom industry worldwide, the management has brought in alternative use tenants from the logistics and industrial sectors into our facilities, in addition to our traditional telecom customers. Thus, occupancy rate of Global Gateway's facilities has continued to improve and the company achieved positive operating cash flow (EBITDA – earnings before interest, tax, depreciation, and amortization) starting from August 2002.

The Group's share of results of Global Gateway for the period was a loss of HK\$12.5 million, a significant improvement from a loss of HK\$26.4 million in 2002. As rental yield increases and expenses are trimmed, we expect that Global Gateway's performance will continue to improve in the coming year.

Listed Associate

The Group owns 14.31% of Siam Food Products Public Company Limited, making us the largest single shareholder in the company. Siam Food is a leading pineapple producer listed on the Stock Exchange of Thailand. For the fiscal year ended 31 December 2002, Siam Food showed net profit of Baht240.2 million, an increased of 16.4% from the same period in 2001. A total dividend of Baht 4.5 per share was distributed for fiscal 2002 (2001: Baht 4.0 per share). This is due to satisfactory result from the company's main pineapple business and strong performance from its 40% owned joint venture industrial estate, the Eastern Seaboard Industrial Estate, which is the leading industrial estate for the automotive industry in Thailand. We believe that Siam Food will continue to be a strong performer this year due to the company's market leading position and the competitiveness of the Thai agribusiness export industry.

Siam Food contributed profit of HK\$7.9 million as an associate to the Group during the 12 months ended 31 March 2003 (2002: HK\$7 million).

Investments in Hotel Industry

In July 2002, an associate company owned 50% by the Group acquired about 10% of Dusit Thani Public Company Limited (“Dusit Thani”). Dusit Thani is listed on the Stock Exchange of Thailand and is the leading owner and operator of hotels in the country. Under the Dusit brand and the Royal Princess brand, Dusit Thani has 21 hotels with about 5,200 rooms under its management, of which 9 hotels are wholly or majority owned by the company. For the fiscal year ended 31 December 2002, Dusit Thani reported net profit of Baht 441.4 million, a 29.3% increase from the same period last year. A total dividend of Baht 2.75 per share was distributed for fiscal 2002 (2001: Baht 2.25 per share). This result was achieved despite the negative effects to the tourism industry after the terrorist attack in Bali in October 2002.

The Group’s unlisted associate, Strand Hotels International Limited, is engaged in a 50/50 joint venture with the government of Myanmar to operate three hotels in Yangon for a period of 30 years. The three hotels are the 32 rooms Strand Hotel, the 238 rooms Renaissance Inya Lake Hotel, and the 58 rooms Thamada Hotel. In December 2002, Dusit Hotels and Resorts (the wholly owned management company of Dusit Thani) took over the management of the Inya Lake Hotel and the property has been renamed Dusit Inya Lake Resort. However, the tourism business continues to suffer from the economic sanctions by the West against the ruling party of Myanmar. During the year, the Group made an impairment provision of HK\$5.9 million for this investment.

PROSPECTS

As at 31 March 2003, the Group had cash balance of HK\$54 million (2002: HK\$62 million) and enjoyed substantial unutilized bank facilities made available to the Group. At the balance sheet date, the Group’s total debt to equity ratio was 16% (March 2002: 11%) and the net debt (net of cash and cash equivalent) to equity ratio was 6% (March 2002: 0%). In light of the strong liquidity and sufficient bank facilities available, the Group is in a strong position to further expand its asset base.

The telecommunications and IT industries have continued to suffer during the period under review. As such, we do not anticipate meaningful growth at Global Gateway and Pioneer iConcepts in the coming fiscal year. The Group will instead focus its attention on acquiring more income producing property and hotel assets in the region.

The tourism sector has been hit by a number of events in the past year, including the terrorist attack in Bali, the war in Iraq, and the recent SARS crisis. As such, operating results at our hotel investments will be negatively affected in the first 2 quarters of the year. However, with the passing of the SARS crisis, there are signs that hotel occupancy will be returning to normal levels fairly quickly. Due to the events of the past year, a number of attractive hotel assets are now available for sale in the market. The Group is currently looking at a number of acquisition targets in this sector, particularly in Thailand.

On 11 July 2003, a subsidiary of the Group entered into a binding agreement to purchase the Garden Beach Resort, a 382-room beachfront resort hotel in Pattaya, Thailand. The total consideration will be Baht 870 million (approximately HK\$163 million). The Group's share of investment is 51%, representing an amount of Baht 443.7 million (approximately HK\$83 million) and the other 49% shall be invested by the Gaw Family. Subject to certain closing conditions, the completion of the transaction will be on 10 October 2003. Under this Listing Rules, this acquisition constitutes a discloseable transaction and a press announcement was made on 16 July 2003. We believe that the Garden Beach Resort transaction represents a rare and attractive acquisition opportunity due to its beachfront location, its 4.69 acres freehold land and the positive outlook for the tourism industry in Pattaya, Thailand.

Lastly, the Group is currently exploring an opportunity to acquire a portfolio of good income producing property assets and the possibility of forming a joint venture property fund management company with potential partners.

EMPLOYEES

As at 31 March 2003, the number of salaried staff was 49. 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 year ended 31 March 2003, the Company repurchased on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) a total of 500,000 shares of HK\$0.10 each of the Company at an aggregate consideration of HK\$155,571.95. Repurchased shares were cancelled subsequent to the repurchases. Details of repurchase of shares are as follows:

Month of repurchase	Number of shares	Highest price per share	Lowest price per share	Aggregate consideration
April 2002	500,000	HK\$0.31	HK\$0.31	HK\$155,571.95

Save as aforesaid, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company’s listed shares.

AUDIT COMMITTEE

The audited consolidated financial statements for the year ended 31 March 2003 have been reviewed by the Audit Committee of the Company. Members of the Audit Committee are Dr. Charles Wai Bun Cheung, JP., The Hon. Bernard Charnwut Chan and Mr. Arnold Tin Chee Ip.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

Throughout the year ended 31 March 2003, 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 FURTHER INFORMATION ON THE STOCK EXCHANGE’S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) 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, 15 July 2003

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Pioneer Global Group Limited (the “Company”) will be held at the new principal place of business of the Company in Hong Kong at Suite 01-03, 30/F., Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Monday, 8 September 2003 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31 March 2003.
2. To re-elect Directors and to fix their remuneration.
3. To re-appoint Auditors and to authorise the Directors to fix their remuneration.
4. To consider as special business and, if thought fit, adopt with or without amendment, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

- A. **“THAT** the Directors be and are hereby granted an unconditional general mandate to repurchase issued shares in the capital of the Company in accordance with all applicable laws and subject to the following conditions:

- (a) such mandate should not extend beyond the Relevant Period (defined in sub-paragraph (c) below);
- (b) the aggregate nominal amount of share capital purchased or agreed conditionally or unconditionally to be purchased by the Directors of the Company pursuant to this Resolution should not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual general Meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

B. **“THAT** the Directors be and are hereby granted an unconditional general mandate to issue and allot additional shares in the capital of the Company and to make or grant offers, agreements and options in respect thereof, subject to the following condition:

- (a) such mandate should not extend beyond the Relevant Period (defined in sub-paragraph (c) below) save that the Directors may during the Relevant Period make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors, otherwise than pursuant to a Rights Issue (as defined in sub-paragraph (c) below) or pursuant to the grant or exercise of options issued under any share option scheme adopted by the Company or pursuant to any scrip dividend scheme or with the consent of the Company in general meeting, should not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and
- (c) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of next Annual General Meeting of the Company;
- (ii) the expiration of the period within the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Right Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or

having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

- C. “**THAT** the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Ordinary Resolution 4B set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution 4A set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the Resolution.”

By Order of the Board
Jane Kwai Ying Tsui
Secretary

Hong Kong, 15 July 2003

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him; a proxy need not also be a member of the Company.
2. The instrument appointing a proxy or attorney or other authority (if any) under which it is signed, or a notarially executed copy of such power or authority shall be deposited at Suite 01-03, 30/F., Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting.
3. There will be no closure of the Transfer Books and Register of Members.