



Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

**ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 MARCH 2002**

The Board of Directors of Pioneer Global Group Limited (“the Company”) announces that the audited consolidated results of the Company and its subsidiaries (“the Group”) for the year ended 31 March 2002, together with the comparative figures for the corresponding period in 2001 are as follows:

FINAL RESULTS

	<i>Note</i>	For the year ended 31 March	
		2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Turnover	<i>1</i>	<u>49,256</u>	<u>63,913</u>
Properties operating expenses		(3,970)	(8,428)
Purchases for resale		(4,200)	(1,823)
Staff costs		(25,063)	(25,595)
Depreciation & amortization		(1,113)	(1,121)
Other operating expenses		<u>(6,875)</u>	<u>(6,976)</u>
		<u>(41,221)</u>	<u>(43,943)</u>
Operating profit	<i>1</i>	8,035	19,970
Share of profits/(losses) of associates			
Listed		7,032	—
Unlisted		(26,444)	(13,557)
Finance costs		(586)	(9,220)
Net (loss)/profit on disposal of assets less impairment provisions		<u>(41,293)</u>	<u>2,883</u>
		(53,256)	76
Taxation	<i>2</i>	<u>(2,126)</u>	<u>(1,210)</u>
		(55,382)	(1,134)
Minority interests		<u>1,844</u>	<u>1,329</u>

Net (loss)/profit attributable to shareholders		<u>(53,538)</u>	<u>195</u>
(Loss)/Earnings per share (HK cents)	3	<u>(7.11)</u>	<u>0.03</u>

Notes:

1. Segmental information

Segmental information is presented by way of two segment formats: (i) on a primary reporting basis by business segment; and (ii) on a secondary reporting basis by geographical segment.

Business segments

	Property		Investments		Information Technology		Consolidated	
	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segmental turnover	26,541	28,884	5,690	11,008	17,025	24,021	<u>49,256</u>	<u>63,913</u>
Segmental result	15,414	12,694	1,088	5,350	(5,457)	5,293	11,045	23,337
Unallocated corporate expenses							<u>(3,010)</u>	<u>(3,367)</u>
Operating profit							8,035	19,970
Share of profits and (losses) of associates								
– Listed	–	–	7,032	–	–	–	7,032	–
– Unlisted	(25,936)	(9,483)	–	–	(508)	(4,074)	(26,444)	(13,557)
Finance costs							(586)	(9,220)
Net (loss)/profit on disposal of assets less impairment provisions							(41,293)	2,883
Taxation							(2,126)	(1,210)
Minority interests							<u>1,844</u>	<u>1,329</u>
Net (loss)/profit							<u>(53,538)</u>	<u>195</u>

Geographical segments

	Turnover by Geographical Market	
	2002	2001
	HK\$'000	HK\$'000
Hong Kong	47,874	57,251
Overseas	<u>1,382</u>	<u>6,662</u>
	<u>49,256</u>	<u>63,913</u>

2. Taxation

	2002	2001
	HK\$'000	HK\$'000
Group		
Current provision		
Hong Kong	522	76
Overseas	246	—
(Over)/Under provision in prior years		
Hong Kong	(73)	—
Overseas	<u>—</u>	<u>1,134</u>
	695	1,210
Listed associate, overseas taxation	<u>1,431</u>	<u>—</u>
	<u>2,126</u>	<u>1,210</u>

Hong Kong profits tax has been provided at the rate of 16% (2001: 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\$1,500,000 (2001: HK\$1,360,000). This liability has not provided for because it is not the present intention of the directors that the Group disposes of these properties.

3. Loss per share

Loss per share is calculated on loss attributable to shareholders amounting to HK\$53,538,000 (2001: Profit HK\$195,000) and on the weighted average number of 752,468,545 shares in issue during the year (2001: on the weighted average number of 611,761,549 shares in issue during the year).

No diluted loss or earnings per share have been presented for the years ended 31 March 2002 and 31 March 2001 as the exercise prices of the share options granted by the Company were higher than the fair value per share.

4. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2002 (2001: Nil).

BUSINESS REVIEW

For the year ended 31 March 2002, total revenues for the Group was HK\$49 million (2001: HK\$64 million) and operating profits was HK\$8 million (2001: HK\$20 million). The reduction in revenues and operating profits from last year was due principally to the decline in IT services income and the reclassification of an investment as a listed associate. During the year, the Group shared in net loss of associates of \$19 million and had a net loss on disposal of assets less provisions of HK\$41 million (2001: Profit of HK\$3 million). In light of the prevailing weak economic sentiment and for the sake of prudence, full impairment provisions of HK\$34 million were made for all our IT and venture investments. Taking into account the above mentioned one-time provision and share in net loss of associates, the Group's net loss attributable to shareholders was HK\$53.5 million (2001: Profit of HK\$195,000).

Properties and Stock Investments

For the year ended 31 March 2002, the Group's rental properties contributed revenues of HK\$27 million (2001: HK\$29 million) and operating profits of HK\$15 million (2001: HK\$13 million). In August 2001, the Group acquired the 13/F of New Mandarin Plaza in Tsim Sha Tsui at HK\$40 million. The property is an office premise with approximate gross area of 19,500 sq.ft. and a 3-year lease term yielding 9.5% per annum.

During the year, dividend income from stock investments and interest income received were HK\$4 million and HK\$2 million respectively (2001: HK\$6 million and HK\$5 million respectively). The decline in dividend income was due to the re-classification of the Group's holdings in Siam Food Products Public Company Limited (the Group holds a stake of approximately 14.31% in the Thai listed company) as an associated company and accounted for using the equity method. As a result of the re-classification, Siam Food Products contributed share of profit of HK\$7 million to the Group as a listed associate.

In the past 2 years, the Group invested about HK\$20 million in Hong Kong & US venture companies, most of them are IT related. Although many of them are offering promising products and services, for the sake of prudence, the Group has made full provisions for all these investments in this reporting period.

Global Gateway, L.P. ("Global Gateway")

Global Gateway, the 20:80 telecom infrastructure joint venture between the Group and Morgan Stanley Real Estate Funds, currently owns and operates telecom carrier hotel facilities in Hong Kong, Singapore, Seattle, and San Diego (total of about 1 million sq.ft. of space). As at 31 March 2002, Global Gateway had total assets of HK\$550 million. The Group is the managing partner contributing management and technical expertise to the joint venture.

During the year, Global Gateway completed all construction works at its facilities and no major new commitments were made. In Shanghai, Global Gateway has signed an MOU to lease and operate a 5,500 sq.ft. facility with a major local developer. The project is subject to the approval by local government authorities.

The Group's share of results of Global Gateway was a loss of HK\$26 million. The disappointing result was due to the severe downturn in global telecom industry. Looking forward to the coming fiscal year, we anticipate the operating loss will be lowered as revenue is steadily increasing together with the reduction in interest expenses.

Pioneer iConcepts Limited (“Pioneer iConcepts”)

Revenues attributable to Pioneer iConcepts (the Group’s 55% owned IT services subsidiary) for the year ended 31 March 2002 was HK\$17 million (2001: HK\$24 million). This represents a 29% decline from the same period in the previous year. As a result, Pioneer iConcepts had an operating loss of HK\$5 million for the period under review, compared to an operating profit of HK\$5 million in fiscal year ended 2001. As discussed in the interim review, the sharp decline in the operating results was due to the extremely challenging market environment in which even healthy companies cut or postponed IT spending decisions. Indeed, during the year several major IT implementation projects were postponed by clients which would have made a substantial difference to our results. While the management had made cost adjustments in view of the business environment, Pioneer iConcepts was unable to reverse its loss for the period under review.

On a conservative basis, the Group made a full provision of HK\$14 million for the goodwill of the IT businesses acquired by Pioneer iConcepts.

Financial Resources, Liquidity and Contingent Liabilities

At 31 March 2002, the Group had cash balances of HK\$62 million (2001: 76 million) and unutilized bank facilities made available to Group companies amounted to HK\$160 million. At the balance sheet date, the debt to equity ratio was 11% (2001: 0.2%) and the net debt to equity ratio was 0% (2001: 0%). The total debt outstanding was \$56 million in HK currency (2001: HK\$1 million). The contingent liabilities including guarantees and commitments were HK\$9 million (2001: HK\$11 million).

Employees

At 31 March 2002, the number of salaried staff was 57. 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.

OUTLOOK

Year 2001 had undoubtedly been an extremely difficult year for the telecommunications industry. With multi-billion dollars bankruptcy filings by many industry leaders such as Global Crossing, Exodus, Williams Communications, and others, the telecommunications and data center industries are in unprecedented turmoil. Our strategy is to focus on increasing the yield on our current portfolio while keeping a very prudent view on any market opportunity.

On 2 July 2002, an associated company held 50% by the Group (the other 50% held by the Gaw family) acquired 10.28% of Dusit Thani Public Company Limited (“Dusit Thani”). Dusit Thani is a company listed on the Stock Exchange of Thailand and is the leading owner and operator of hotels in the country. Dusit Thani has 20 hotels with about 5,000 rooms under its management (under the Dusit brand and the Royal Princess brand), of which 9 hotels are wholly or majority owned by the company. Of the 20 hotels operated by Dusit Thani, 16 of the hotels are located in major business and tourism centers of Thailand, 2 are in Indonesia, 1 is in the Philippines, and 1 is in Dubai. For the year ended 31 December 2001, Dusit Thani recorded audited revenue and net profit of Thai Baht 2,537 million and 341 million respectively. We believe that Thailand’s economy is emerging from the Asian Financial Crisis and the tourism sector is particularly promising. This investment will give the Group a good exposure in that sector and we look forward to working together with the management and shareholders of Dusit Thani.

In the coming fiscal year, the Group will continue to look for further investment opportunities in hotels and properties.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2002, the Company repurchased on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) a total of 3,188,000 shares of HK\$0.10 each of the Company at an aggregate consideration of HK\$966,720. Repurchased shares were cancelled subsequent to the repurchases. Details of repurchases of shares are as follows:

Month of repurchase	Number of shares	Highest price per share HK\$	Lowest price per share HK\$	Aggregate consideration HK\$
February 2002	2,104,000	0.320	0.270	633,180
March 2002	1,084,000	0.310	0.305	333,540
	<u>3,188,000</u>			<u>966,720</u>

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

During the year ended 31 March 2002, the Audit Committee held meetings twice to discuss with management and the external auditors the accounting principles and practices adopted by the Group as well as internal control and financial reporting matters. 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 2002, 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 contribution.

By order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 18 July 2002

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 principal place of business of the Company in Hong Kong at 29th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong on 29 August 2002 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 2002.
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 authorised share capital of the Company be and is hereby increased from HK\$100,000,000 to HK\$200,000,000 by the creation of 1,000,000,000 additional new shares of HK\$0.10 each, such new shares to rank pari passu in all respects with the existing shares of the Company.”
- B. **“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.”
- C. **“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.

“Rights 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).”

- D. “**THAT** the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Ordinary Resolution 4C 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 4B 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, 18 July 2002

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 29th Floor, Dah Sing Financial Centre, 108 Gloucester 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.

"Please also refer to the published version of this announcement in The Standard"