

BOARD OF DIRECTORS

Rossana WANG GAW, Chairman

Goodwin GAW, Vice Chairman

Kenneth GAW, Managing Director

Jane Kwai Ying TSUI, General Manager and Company Secretary

Dr Charles Wai Bun CHEUNG, J.P.

The Hon. Bernard Charnwut CHAN

Arnold Tin Chee IP

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Jane Kwai Ying TSUI

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**INTERIM RESULTS FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2000**

The Board of Directors of Pioneer Global Group Limited ("the Group") is pleased to announce that the unaudited consolidated interim results of the Group for the six months ended 30 September 2000, together with the comparative figures for the corresponding period in 1999 are as follows:—

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Note</i>	For the six months ended 30 September	
		2000 (Unaudited) HK\$'000	1999 (Unaudited) HK\$'000
Turnover	2	<u>31,242</u>	<u>90,690</u>
Other revenue		1,387	—
Properties operating expenses		(1,544)	(29,289)
Staff costs		(12,527)	(14,250)
Depreciation & amortization		(582)	(4,430)
Profit/(Loss) on disposal of investments less provision	3	(200)	24,261
Exchange difference on currency translation		297	(9,015)
Other operating expenses		<u>(7,038)</u>	<u>(8,279)</u>
		<u>(21,594)</u>	<u>(41,002)</u>
Profit from operations	2	11,035	49,688
Finance costs		<u>(5,991)</u>	<u>(24,705)</u>
		5,044	24,983
Share of profits/(losses) of associates			
Listed		—	(16,033)
Unlisted		<u>(7,199)</u>	<u>8,768</u>
(Loss)/profit before taxation		(2,155)	17,718
Taxation	4	<u>(2,110)</u>	<u>(8,402)</u>
		(4,265)	9,316
Minority interest		<u>(637)</u>	<u>(18)</u>
(Loss)/profit attributable to shareholders		<u>(4,902)</u>	<u>9,298</u>
(Loss)/Earnings per share (HK cents)	5	<u>(0.98)</u>	<u>1.85</u>

CONSOLIDATED BALANCE SHEET

		30 September 2000	31 March 2000
		(Unaudited)	(Audited)
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Fixed assets		216,397	216,802
Associated companies	6	119,678	84,231
Investment securities		148,002	149,586
Other investments	7	25,747	13,690
		<u>509,824</u>	<u>464,309</u>
Current assets			
Debtors, advances & prepayments		35,169	42,909
Cash and bank balances		27,832	75,625
		<u>63,001</u>	<u>118,534</u>
Current liabilities			
Creditors & accruals		24,156	32,281
Bank loans & overdrafts		118,286	109,490
Taxation		7,197	12,734
		<u>149,639</u>	<u>154,505</u>
Minority interests		<u>8,800</u>	<u>8,283</u>
Net assets		<u>414,386</u>	<u>420,055</u>
Capital and reserves			
Share capital	8	50,178	50,178
Reserves		364,208	369,877
		<u>414,386</u>	<u>420,055</u>

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	For the six months ended 30 September	
	2000	1999
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange differences on translation of the financial statements of overseas subsidiary and associated companies	<u>(767)</u>	<u>(3,008)</u>
Net losses not recognised in the profit and loss account	(767)	(3,008)
Net (losses)/gains for the period	<u>(4,902)</u>	<u>9,298</u>
Total recognised gains and losses	<u>(5,669)</u>	<u>6,290</u>

CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 September	
	2000	1999
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Net cash inflow from operating activities	<u>18,067</u>	<u>19,476</u>
Returns of investments and servicing of finance		
Interest income	1,898	999
Dividends from investment securities	2,158	2,709
Dividends from other investments	180	407
Interest expenses	(5,991)	(24,705)
Distribution to minority shareholders	<u>(120)</u>	<u>(10,214)</u>
Net cash (outflow to) investments and servicing of finance	<u>(1,875)</u>	<u>(30,804)</u>
Taxation		
Hong Kong profits tax paid	—	—
Overseas profits tax paid	<u>(7,647)</u>	<u>(458)</u>
Net tax (paid)	<u>(7,647)</u>	<u>(458)</u>
Investing activities		
Purchase of fixed assets	(761)	(4,441)
Investment in unlisted associates	(50,326)	(3,666)
Net repayment/(advances) to unlisted associates	(4,800)	333
Purchase of investments	(12,562)	—
Sales of unlisted associates	3,120	17,669
Sales of other investments	—	17,956
Sales of investment securities	—	1,558
Sales of fixed assets	<u>43</u>	<u>3,361</u>
Net cash (outflow to)/inflow from investing activities	<u>(65,286)</u>	<u>32,770</u>
Net cash (outflow)/inflow before financing	<u>(56,741)</u>	<u>20,984</u>
Financing		
Long term loans (repaid)	—	(55,392)
Bank loans raised/(repaid)	<u>(21,298)</u>	<u>—</u>
Net cash (outflow to) financing	<u>(21,298)</u>	<u>(55,392)</u>

	For the six months ended 30 September	
	2000	1999
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Decrease)/Increase in cash and cash equivalents	(78,039)	(34,408)
Cash and cash equivalents at the beginning of the period	(12,567)	(3,762)
Effect of foreign exchange rate changes	<u>152</u>	<u>(602)</u>
Cash and cash equivalents at the end of the period	<u>(90,454)</u>	<u>(38,772)</u>
Analysis of the balances of cash and cash equivalents		
Bank balances, cash and deposits placed with banks up to three months' maturity	27,832	75,691
Bank overdrafts and loans repayable up to three months	<u>(118,286)</u>	<u>(114,463)</u>
	<u>(90,454)</u>	<u>(38,772)</u>
Reconciliation of bank loans and overdrafts		
Up to three months, included in cash and cash equivalents	(118,286)	(114,463)
Three months and beyond	<u>—</u>	<u>—</u>
As shown in the balance sheet	<u><u>(118,286)</u></u>	<u><u>(114,463)</u></u>

NOTES TO FINANCIAL STATEMENTS

1) **Basis of presentation and accounting policies**

The unaudited consolidated financial statements are prepared in accordance with Statements of Standard Accounting Practice (SSAP 25) "Interim Financial Reporting". The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2000. Certain comparative figures have been reclassified to conform to the current period presentation.

2) **Segmental Information**

	For the six months ended 30 September 2000		For the six months ended 30 September 1999	
	Turnover HK\$'000	Profit/ (Loss) from Operations HK\$'000	Turnover HK\$'000	Profit/ (Loss) from Operations HK\$'000
Business Segments				
Property rental and management	13,664	7,032	83,033	39,621
Ski operations	—	—	3,542	(5,112)
IT services	12,759	4,579	—	—
Investments	4,819	1,416	4,115	20,149
	<u>31,242</u>	<u>13,027</u>	<u>90,690</u>	<u>54,658</u>
Other revenue		1,387		—
Unallocated corporate expenses		(3,379)		(4,970)
Profit from operations		<u>11,035</u>		<u>49,688</u>
Geographical Segments				
Hong Kong & PRC	27,718	12,114	14,331	2,771
Thailand & South East Asia	420	695	2,415	4,536
United States of America	3,104	218	73,944	47,351
	<u>31,242</u>	<u>13,027</u>	<u>90,690</u>	<u>54,658</u>
Other revenue		1,387		—
Unallocated corporate expenses		(3,379)		(4,970)
Profit from operations		<u>11,035</u>		<u>49,688</u>

3) **Profit/(Loss) on disposal of investments less provision**

	For the six months ended 30 September	
	2000 HK\$'000	1999 HK\$'000
Profit/(Loss) on disposal of investments less provision	—	14,255
Loss on disposal of fixed assets	(75)	—
Write back for investment securities	—	10,968
Unrealised decrease in fair value of other investments	(125)	(962)
	<u>(200)</u>	<u>24,261</u>

4) **Taxation**

Taxation consists of the followings:	For the six months ended 30 September	
	2000 HK\$'000	1999 HK\$'000
Group		
Hong Kong profits tax provided for the period	—	—
Overseas tax provided for the period	2,110	7,814
	<u>2,110</u>	<u>7,814</u>
Listed associated company		
Tax charge for the period	—	588
	<u>2,110</u>	<u>8,402</u>

No provision has been made for Hong Kong profits tax as the Group estimates that there will be no assessable profits for the period. Overseas tax is provided at the applicable rates in the countries in which the Group operates.

5) **Loss per share**

Loss per share is calculated on loss attributable to shareholders amounting to HK\$4,902,000 (1999: Profit of HK\$9,298,000) and on the 501,781,945 shares in issue during the period (1999: 501,781,945 shares).

No diluted earnings per share have been presented for the six months ended 30 September 2000 as the exercise prices of the share options granted by the Company were higher than the fair value per share.

6) **Associated companies**

	30 September 2000 HK\$'000	31 March 2000 HK\$'000
At cost	65,817	33,109
Goodwill written off to reserves in prior year	(5,188)	(5,188)
Attributable post acquisition reserves	9,418	11,478
	<u>70,047</u>	<u>39,399</u>
Share of net assets	70,047	39,399
Amount due by associated companies	55,485	50,690
Amount due to associated companies	(5,854)	(5,858)
	<u>119,678</u>	<u>84,231</u>

7) **Other investments**

	30 September 2000 HK\$'000	31 March 2000 HK\$'000
Listed Shares		
In Hong Kong, at fair value	1,618	1,726
Outside Hong Kong, at fair value	3,392	3,789
	<u>5,010</u>	<u>5,515</u>
Unlisted shares and debentures, at cost	20,737	8,175
	<u>25,747</u>	<u>13,690</u>

8) **Share capital**

There were no shares issued or repurchased during the period.

9) **Contingent liabilities and commitments**

	30 September 2000	31 March 2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees		
- to bankers in lieu of utility deposits	334	224
- for payment of banking facilities to		
- an associate	25,706	25,706
- a former associate	2,340	2,340
Commitments		
- for further investment in a company held		
as other investments	2,066	2,475
- for credit facilities made to an associate	2,840	3,507
	<u>33,286</u>	<u>34,252</u>

10) **Related party transactions**

The Group has arrangements with its unlisted associates and with subsidiaries in which there are minority interest by which the Group lends funds to them, borrows funds from them and when necessary gives guarantees and other security in respect of their indebtedness. Such lending and borrowing is usually interest free, unsecured and without specified terms of repayment.

On 1 March 2000, the Group disposed of its major assets to Promise City Limited, which is a related party. The transaction was approved by independent shareholders in a special general meeting held on 13 January 2000. Although the completion date of the major disposal was 1 March 2000, it has not been possible to settle all outstanding issues as at 30 September 2000. Consequently included in debtors, advances and prepayments in the group balance sheet is an amount of HK\$12,173,000 due from the Promise City Limited group. This amount is interest free, unsecured and will be settled as soon as possible in conjunction with other issues.

11) **Subsequent event**

On 19 October 2000, 250,890,972 shares of the Company were allotted and issued by the Company by way of Open Offer. The proceeds of the Open Offer, after deduction of expenses, amounting to HK\$162 million have been/will be used to fund the Company's capital investment in Global Gateway, LP. Number of shares of the Company is increased from 501,781,945 to 752,672,917.

INTERIM DIVIDEND

The Board of Directors has resolved not to pay any interim dividend for the year ending 31 March 2001 (2000: Nil).

BUSINESS REVIEW

The six-month period ended 30 September 2000 is the first result announcement after the Group transformed its business focus from investments in banking, shipping, and real estate industries to higher growth information technology and telecommunications infrastructure sectors.

The Group's total revenues for the six-month period ended 30 September 2000 was HK\$32.6 million (1999: total revenues of HK\$90.7 million). Comparing to the corresponding period in 1999, the drop in total revenues was due entirely to the disposal of the Group's US properties portfolio in March 2000. Property rental and management income as a percentage of total revenues decreased to 41.9% during the period (from 91.5% in 1999). During the period, IT services contributed 39.1% of total revenues (from 0% in 1999). Profit from operations before and after finance costs were HK\$11 million and HK\$5 million respectively. After taking into account of the share in losses of associates of HK\$7.2 million, the loss attributable to shareholders of the Group was HK\$4.9 million. The losses were mainly caused by the initial expenditures incurred by our new associates, Global Gateway and iShipExchange (an associate of Pioneer iConcepts). These results reflected the shift of Group's focus to IT infrastructure businesses.

Pioneer iConcepts

During the period under review, Pioneer iConcepts (the Group's 55% IT subsidiary) contributed HK\$12.8 million in revenues to the Group through the provision of IT consultancy services to corporate customers. Pioneer iConcepts customers include multinationals, major local manufacturers, IT divisions of traditional industries, as well as "new economy" internet companies and its income is derived from long term service contracts as well as project based services.

In addition to providing IT consultancy services, Pioneer iConcepts also made an investment in iShipExchange, a B2B internet marketplace and application service provider focusing on procurement solutions for the shipping industry. iShipExchange is currently 36% owned by Pioneer iConcepts with the remaining interest owned by Fairmont Shipping, a well established Hong Kong-based international shipping company, Command Line Corporation, a US technology company focusing on procurement technology, Marubeni Corporation, a major Japanese trading house, as well as other investors. Due to the startup nature of iShipExchange, it is not expected to contribute any profits to the Group within this fiscal year.

Global Gateway

A new associate, Global Gateway, was formed by the Group and Morgan Stanley Real Estate Funds in May 2000 to provide mission critical infrastructure services to companies in the telecom, technology and Internet sectors. Progress of Global Gateway has been satisfactory, with facilities acquired in Hong Kong, Singapore, Seattle and San Diego. Revenue generation has commenced since mid-November 2000 when customers begin to move into Global Gateway (Hong Kong). In November 2000, Global Gateway entered into a 60:40 joint venture with Arcasia Land Pte Ltd to develop infrastructure facilities in Singapore. Arcasia Land Pte Ltd is a pre-eminent developer of hi-tech industrial property in Singapore. It is wholly owned by Singapore government.

As the managing partner in the venture, the Group has contributed significant management resources and expertise to Global Gateway. Due to the startup nature of the venture and the expected build-out period of its network of facilities, Global Gateway is not expected to contribute any profits to the Group within this fiscal year.

Finance

To fund future expansion, the Group issued 250,890,972 new shares for a net proceed of HK\$162 million in October 2000. In addition, the Group obtained a new loan facility of US\$20 million from the Standard Chartered Bank. No amount of the loan facility has been utilized as of to-date.

PROSPECTS

The Group's mission is to deliver dependable and advanced IT infrastructure services to its customers. The Group will continue to pursue its strategy to capture the emerging business opportunities offered by the accelerating trend of deregulation of the telecom markets in Asia and the expanding use of Internet.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30 September 2000, the interests of Directors and their associates in the share capital of the Company and its associated companies, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:-

Name of Directors	Personal Interests	Corporate Interests	Other Interests	Total
Rossana Wang Gaw	—	6,673,651	Note 1	88,772,785
Goodwin Gaw	—	—	—	—
Kenneth Gaw	1,156,500	4,574,000	Note 2	21,369,016
Jane Kwai Ying Tsui	600,750	—	—	600,750
Charles Wai Bun Cheung	—	—	—	—
Bernard Charnwut Chan	—	—	—	—
Arnold Tin Chee Ip	—	—	—	—

Note 1: Family trust of which members of the family of Mrs Rossana Wang Gaw are amongst the beneficiaries held an aggregate of 82,099,134 shares.

Note 2: Family trust of which Mr Kenneth Gaw is a beneficiary held an aggregate of 15,638,516 shares.

As at 30 September 2000, the interests of Directors in share options to subscribe for shares in the Company were as follows:-

Name of Directors	No. of share options granted and remained outstanding
Rossana Wang Gaw	5,471,552
Goodwin Gaw	11,507,023
Kenneth Gaw	11,507,023
Jane Kwai Ying Tsui	3,048,220

Share options were granted under the Share Option Scheme approved by shareholders at a special general meeting of the Company held on 3 September 1996. There were no options exercised during the period.

Of the 31,533,818 outstanding options, 14,479,037 options are exercisable at HK\$2.897 per share during the period from 24 October 1996 to 23 October 2006 and 17,054,781 options are exercisable at HK\$2.362 per share during the period from 6 March 1997 to 5 March 2007.

Save as disclosed above, as at 30 September 2000, none of the directors of the Company including their associates was interested in the Company's shares or the shares or debenture of any of the Company's associates within the meaning of the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2000, according to the register kept by the Company under Section 16(1) of the SDI Ordinance and so far as was known to the directors, the following persons, other than the directors, were interested or taken or deemed to be interested in 10 percent or more in nominal value of the issued share capital of the Company:-

	Number of Ordinary Shares
Forward Investments, Inc.	116,085,090

ISSUE OF NEW SHARES

On 19th October 2000, 250,890,972 shares of the Company were allotted and issued by the Company by Open Offer. The proceeds of the Open Offer, after deduction of expenses, amounting to HK\$162 million have been/will be used to fund the Company's capital investment in Global Gateway, L.P.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the six months ended 30 September 2000, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed shares.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial statements.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not throughout the six months ended 30 September 2000, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except that the independent non-executive directors have not been appointed for a specific term.

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 15 December 2000