



# Pioneer

## PIONEER GLOBAL GROUP LIMITED

### 建生國際集團有限公司

(Incorporated in Bermuda with limited liability)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2001

The Board of Directors of Pioneer Global Group Limited ("the Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 March 2001, together with the comparative figures for the corresponding period in 2000 are as follows:-

### FINAL RESULTS

		For the year ended 31 March	
	Note	2001 HK\$'000	2000 HK\$'000
Turnover	1	<b>63,913</b>	184,559
Properties operating expenses		<b>(8,428)</b>	(39,936)
Staff costs		<b>(25,595)</b>	(30,588)
Depreciation & amortization		<b>(1,121)</b>	(5,562)
Net profit/(loss) on disposal of assets less provision		<b>2,883</b>	(95,993)
Other operating expenses		<b>(8,799)</b>	(47,454)
		<b>(41,060)</b>	(219,533)
Operating profit/(loss)	1	<b>22,853</b>	(34,974)
Finance costs		<b>(9,220)</b>	(46,090)
		<b>13,633</b>	(81,064)
Share of profits/(losses) of associates			
Listed		—	(14,111)
Unlisted		<b>(13,557)</b>	3,708
Profit/(Loss) before taxation		<b>76</b>	(91,467)
Taxation	2	<b>(1,210)</b>	2,350
		<b>(1,134)</b>	(89,117)
Minority interest		<b>1,329</b>	(1,555)
Profit/(Loss) attributable to shareholders		<b>195</b>	(90,672)
Earnings/(Loss) per share (HK cents)	3	<b>0.03</b>	(18.07)

### Notes:

#### 1. Segmental information

	2001 Turnover HK\$'000	2001 Operating profit/(loss) HK\$'000	2000 Turnover HK\$'000	2000 Operating profit/(loss) HK\$'000
<b>Business Segments</b>				
Property rental and management	<b>28,884</b>	<b>12,694</b>	147,187	68,523
Ski operations	—	—	23,717	(3,967)
IT services	<b>24,021</b>	<b>5,293</b>	1,527	(1,590)
Investment and interest income	<b>11,008</b>	<b>5,350</b>	12,128	4,172
Net profit/(loss) on disposal of assets less provision	—	<b>2,883</b>	—	(95,993)
	<b>63,913</b>	<b>26,220</b>	184,559	(28,855)
Less: unallocated corporate expenses	—	<b>(3,367)</b>	—	(6,119)
	—	<b>22,853</b>	—	(34,974)
<b>Geographical Segments</b>				
	2001 Turnover HK\$'000	2001 Operating profit/(loss) HK\$'000	2000 Turnover HK\$'000	2000 Operating profit/(loss) HK\$'000
Hong Kong	<b>57,251</b>	<b>19,898</b>	30,556	3,234
Thailand and South East Asia	<b>1,319</b>	<b>1,740</b>	7,584	97,872
United States of America	<b>4,963</b>	<b>1,077</b>	146,333	(135,968)
Mainland China	<b>380</b>	<b>138</b>	86	(112)
	<b>63,913</b>	<b>22,853</b>	184,559	(34,974)

#### 2. Taxation

Taxation consists of the following:-

	2001 HK\$'000	2000 HK\$'000
Hong Kong — Profits tax provided for the year	<b>76</b>	—

#### 4. Comparative figures

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

#### FINAL DIVIDEND

The Board of Directors has resolved not to pay a final dividend for the year ended 31 March 2001 (2000: Nil). Accordingly, there will be no closure of the Transfer Books and Register of Members of the Company.

#### BUSINESS REVIEW

The Group's activities consist of provision of IT services, telecommunication infrastructure and investments in properties and stocks. For the year ended 31 March 2001, the Group's consolidated turnover was HK\$64 million (2000: HK\$185 million) and operating profit was HK\$23 million (2000: Loss of HK\$35 million). The decrease in turnover (from the previous year) was due principally to the disposal of the Group's U.S. properties portfolio at the end of the previous fiscal year, as revenues from those properties were no longer reflected in this year's results. After taking into account the results of the Group's associate companies, finance costs, minority interest and taxation, the consolidated profit attributable to shareholders was HK\$195,000 (2000: Loss of HK\$ 91 million).

#### Pioneer iConcepts Limited ("Pioneer iConcepts")

Pioneer iConcepts, 55% owned by the Group and 45% by the management team led by Francis Ng, is the IT services division of the Group. Its services are in IT outsourcing, IT consultancy, system integration and geographical information system (GIS) application developments.

Due to the severe downturn in the world's capital markets (particularly affecting the technology sector), the twelve months ended 31 March 2001 was a difficult year for the IT services industry. It was also Pioneer iConcepts' first full year of operation. Despite the difficulties, the company achieved a turnover of HK\$24 million and an attributable operating profit of HK\$5 million in the fiscal year.

Based on multi-year service contracts, Pioneer iConcepts provides IT outsourcing services to several major multinational companies for their IT help desk and 24x7 management of corporate data centers. Pioneer iConcepts also provides IT helpdesk services to major local manufacturers.

During the year, Pioneer iConcepts successfully implemented notable projects for its customers, including the development and implementation of e-procurement system, logistics system, GIS applications, ERP system integration, as well as merchandizing / inventory control systems. To strengthen its competitive advantage and service offerings, Pioneer iConcepts also formed strategic alliance with prominent industry partners including iPlanet, Sun Microsystems, Compuware, ESRI, ICUS, and InnerFrame.

In addition to providing services to its customers, Pioneer iConcepts is also a shareholder (35%) and technology partner of iShipExchange, an Asia-based leading e-procurement solutions provider for the maritime industry. Other shareholders in iShipExchange include Fairmont Shipping (Hong Kong), Marubeni Corporation (Japan), Keymax Corporation (Japan), and Command Line Corporation (US). As its technology partner, Pioneer iConcepts developed a proprietary e-procurement system for iShipExchange and in early 2001, iShipExchange successfully launched its web-based procurement solutions for the shipping industry. By 31 March 2001, registered users consisted of 27 ship operators as well as 427 suppliers in US, Canada, Japan, Korea, Hong Kong, China, Taiwan, Philippines, Singapore, and Malaysia. The share in the first year results of iShipExchange by Pioneer iConcepts was a loss of HK\$4.1 million for the year. Due to its start-up nature, iShipExchange is not expected to be profitable in the near future.

Looking ahead, we believe that this year will continue to be challenging for the IT services industry. With worldwide economic slowdown, the burst in the Internet bubble, and extreme weakness in the capital markets, even healthy companies are generally cutting IT spending. We therefore forecast that while Pioneer iConcepts' business will continue to grow, the growth will be modest in the coming year. In the next twelve months, Pioneer iConcepts will focus on the continued development of its core services products and the expansion of its IT outsourcing business.

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

The Group's telecommunication infrastructure business is conducted through Global Gateway, a 20:80 partnership between the Group and Morgan Stanley Real Estate

of US\$200 million from its partners, we have invested prudently from the beginning. As the management is keenly aware of the downturn in the telecommunication and technology industries, Global Gateway has only invested 19% of its planned capital as of 31 March 2001.

Much like the IT services industry, we foresee a slow year ahead for the telecom infrastructure business. The same macro-economic difficulties affecting the IT services sector are also contributing to the cutback in spending by the world's telecom companies. Some market players that expanded quickly last year are facing difficulties and their facilities are now available at attractive pricing. As a result, the challenging market environment has also created a tremendous opportunity for us.

#### Properties and Stock Investments

The Group's investments in properties and stocks continued to generate steady recurrent income. Turnover from properties rental proceeds was HK\$29 million (2000: HK\$147 million) and attributable operating profit was HK\$13 million (2000: HK\$69 million) before finance costs and taxation. The change from previous year was due to the disposal of the Group's US properties portfolio in February 2000.

For the fiscal year, dividend income from stock investments and interest income received were HK\$6 million and HK\$5 million respectively (2000: HK\$9 million and HK\$2 million respectively).

#### Financial Resources, Liquidity and Contingent Liabilities

In order to prepare for its investment in Global Gateway, the Company issued 250,890,972 new shares in October 2000 for net proceeds of HK\$162 million. At 31 March 2001, the Group has total net assets of HK\$584 million (2000: HK\$420 million) and free cash balance of HK\$76 million (2000: HK\$76 million), with outstanding bank indebtedness of only HK\$1 million (2000: HK\$109 million). Unutilized secured banking facilities made available to Group companies amounted to HK\$160 million.

The Group's overall treasury policies focus on cost efficient funding of the Group and on managing financial risks. At the balance date, the debt to equity gearing ratio was 0.2% (2000: 26%). The contingent liabilities including guarantees and commitments were HK\$9 million (2000: HK\$ 34 million).

#### Employees

At 31 March 2001, the number of salaried staff was 69. 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

Since the last quarter of 2000, the growth in telecommunication, IT technology and Internet industries were affected by the dramatic decline in the world's equity markets. More recently, there are signs of economic slowdown in the United States and of worsening economic conditions in Japan. The breakneck pace of network building by telecom companies in the past few years, pushed forward by the seemingly cheap and abundant capital, has left the world with a temporary bandwidth glut. Despite the prevailing environment, we still believe that the world's future economic growth will continue to be led by the applications of Internet and telecommunication technologies. We also believe that the so called "bandwidth glut" will be soaked up far quicker than people can imagine by newly developed technology applications, similar to the growth in computing capacity in the 80's and 90's.

With a strong financial position, the Group and its operating units are in a good position to take advantage of attractive opportunities in the market. Our strategy is to adopt prudent expansion in the IT services and telecom infrastructure businesses while maintaining a conservative financial position of the Group.

#### PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

#### AUDIT COMMITTEE

During the year, 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. The Audit Committee has reviewed with satisfaction the audited financial statements for the year ended 31 March 2001 and provided recommendations to the Board of Directors. The members

3. **Earnings per share**

Earnings per share is calculated on profit attributable to shareholders amounting to HK\$195,000 (2000: Loss of HK\$90,672,000) and on the weighted average number of 611,761,549 shares in issue during the year (2000: 501,781,945 shares in issue during the year). There was no bonus element in the Open Offer which was open for acceptance until 17 October 2000.

No diluted earnings per share have been presented for the years ended 31 March 2001 and 2000 as the exercise prices of the share options granted by the Company were higher than the fair value per share.

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

In addition to the four locations above, Global Gateway is also in varying stages of acquisition or development of facilities in Tokyo, Seoul, Taipei, Sydney, Shanghai, as well as certain cities in the U.S. While Global Gateway has equity capitalization plan

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, 100 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.