

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

CONNECTED TRANSACTION:

FORMATION OF A JOINT VENTURE FOR PROPERTIES INVESTMENT

INTRODUCTION

On 26 February 2019, Pine International, a wholly-owned subsidiary of the Company, entered into a Shareholders' Agreement with Gaw L.P. and Traveluck to form Britt Hands Limited, the Joint Venture. The Group owns 19.4% shareholding of the Joint Venture and committed a capital contribution of US\$12.27 million (equivalent to approximately HK\$95.7 million). The Joint Venture is formed to invest in 26.3% of a property investment company which is committed in acquiring the Properties in Japan.

As at the date of this announcement, (i) Gaw L.P. is 100% owned by an investment fund controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw (executive directors of the Company), and (ii) Traveluck is 100% owned by Mrs. Rossana Wang Gaw (executive director of the Company). Therefore, the JV Partners are connected persons of the Company under the Listing Rules and the transaction constitutes a connected transaction.

As all of the applicable percentage ratios (as defined in the Listing Rules) exceed 0.1% but are less than 5%, the transaction contemplated is subject to the reporting and announcement requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

FORMATION OF THE JOINT VENTURE

(1) The Shareholders' Agreement

Date : 26 February 2019

Parties : (i) Pine International, a wholly-owned subsidiary of the Company;
(ii) Gaw L.P.; and
(iii) Traveluck.

As at the date of this announcement, the JV Partners are regarded as connected persons of the Company under the Listing Rules.

(2) Structure of the Joint Venture and committed capital contribution

The shareholding of Joint Venture is 19.4% owned by Pine International, 17.4% by Traveluck and 63.2% by Gaw L.P.. The total committed capital contribution is US\$63.27 million (equivalent to approximately HK\$493.5 million) and shall be contributed by the parties in accordance with their respective shareholding in the Joint Venture. The basis for the total committed capital contribution is determined with reference to the acquisition price of the Properties. The Group's commitment is US\$12.27 million (equivalent to approximately HK\$95.7 million) and will be fully satisfied by internal resources.

(3) The principal terms of the Shareholders' Agreement

Principal business of the Joint Venture	To invest in 26.3% of a property investment company which is committed in acquiring the Properties.
Conditions precedent	This agreement shall be effective upon satisfaction or waiver by each party of the Joint Venture of the following conditions: (i) each of the party to the Joint Venture has obtained approval for entering into the Shareholders' Agreement from either: a. their respective board of directors; or b. another competent internal authority, and (ii) each of the party to the Joint Venture has received a certified copy of the abovementioned resolutions.

Board composition of the Joint Venture	The board of directors of the Joint Venture will consist of not more than three directors, of which one director shall be nominated by Pine International and up to two directors shall be nominated by Gaw L.P.. A director may only be removed by the respective party who appoints the director. The chairman of the board of the Joint Venture shall be appointed by Gaw L.P.. The quorum of the board meeting is two directors, comprising one director appointed by Gaw L.P. and one appointed by Pine International. Written resolutions and resolutions of the Board shall be passed by (a) all directors, or (b) at least one director from Gaw L.P. and one director from Pine International.
Shareholders' meeting of the Joint venture	The quorum for general meeting of the Joint Venture is three representatives or proxies, each representing Gaw L.P., Pine International and Traveluck respectively. Written resolutions of the shareholders shall be passed by unanimous vote by all three representatives.
Profit distribution of the Joint Venture	The dividend policy of the Joint Venture shall be to distribute a cash dividend equivalent to at least 90% of the post-tax profit of the Joint Venture to its shareholders or such amount which the board considers as being prudent to maintain and build up the reserves of the Joint Venture. The dividend shall be distributed to the shareholders of the Joint Venture in proportion to their respective shareholding in the Joint Venture.
Transfer of shares	Each party to the Joint Venture agrees to grant to the other parties to the Joint Venture a right of first offer with respect to the shares held by that party.
Termination of the Joint Venture	The formation of the Joint Venture is conditional upon the acquisition of the Properties. If the acquisition fails to complete within three months of all conditions precedent of the sale and purchase agreement of the Properties being satisfied, then Pine International and the JV Partners may terminate the Joint Venture.

INFORMATION ABOUT THE JOINT VENTURE

The Joint Venture will be treated as an associate of the Group after the signing of the Shareholders' Agreement. Before entering into the Shareholders' Agreement, the Joint Venture has been a shelf company and has not commenced its business, and no turnover and profits have been reported.

REASONS FOR AND BENEFITS OF PARTICIPATING IN THE JOINT VENTURE

The Joint Venture was formed to invest in 26.3% of a property investment company which is committed in acquiring and holding the Properties for rental income and capital appreciation.

The Properties are class A office buildings located in the trendy Aoyama district, Tokyo, Japan and with high rental earning potential. The acquisition price of the Properties is JPY84.0 billion (equivalent to approximately HK\$5.964 billion) whereas the appraised value of the Properties is JPY94.05 billion (equivalent to approximately HK\$6.678 billion). The acquisition price represents 10.7% discount on the appraised value. The Group believes that participating in the Joint Venture to invest in the property investment company, which in turn owns the Properties, is in line with the principal business activities of the Group, namely, property and hotel investment and management.

The unaudited revenue and net operating income of the Properties for the years ended 31 December 2017 and 31 December 2018 are as follows:

	For the year ended 31 December			
	2017		2018	
	JPY million (<i>unaudited</i>)	HK\$ million equivalent (<i>unaudited</i>)	JPY million (<i>unaudited</i>)	HK\$ million equivalent (<i>unaudited</i>)
Revenue	1,958.4	139.0	1,847.2	131.2
Net Operating Income	918.2	65.2	671.0	47.6

The Directors, including the independent non-executive directors, consider that the Shareholders' Agreement and the transaction contemplated thereunder have been made on normal commercial terms and that such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY

The Company is principally engaged in property investment and hotel investment, and other investments.

INFORMATION ABOUT THE JV PARTNERS

Gaw L.P. is a limited partnership incorporated in Cayman Islands. It is principally engaged in investment holding and is owned as to 100% by an investment fund controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw (executive directors of the Company).

Traveluck is a limited company incorporated in British Virgin Islands. It is principally engaged in investment holding and is 100% owned by Mrs. Rossana Wang Gaw (executive director of the Company).

LISTING RULES IMPLICATION

As at the date of the announcement, (i) Gaw L.P. is 100% owned by an investment fund controlled by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw (executive directors of the Company), and (ii) Traveluck is 100% owned by Mrs. Rossana Wang Gaw (executive director of the Company). Therefore, the JV Partners are connected persons of the Company under the Listing Rules and the transaction constitutes a connected transaction.

Mrs. Rossana Wang Gaw, Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw (executive directors of the Company) are regarded as connected persons having interests in the transaction, and they abstained from voting on the resolutions approving the transaction at the board meeting of the Company. All other Directors, including the independent non-executive directors, have reviewed and approved the resolutions related to the transaction.

As all of the applicable percentage ratios (as defined in the Listing Rules) exceed 0.1% but are less than 5%, the transaction contemplated is subject to the reporting and announcement requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors
“Company”	Pioneer Global Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Gaw L.P.”	Gaw Separate Account (Rhapsody), L.P., a limited partnership incorporated in Cayman Islands which is principally engaging in investment holding
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Joint Venture”	Britt Hands Limited, a limited company incorporated in British Virgin Islands
“JPY”	Japanese Yen, the lawful currency of Japan

“JV Partners”	Gaw L.P. and Traveluck
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pine International”	Pine International Limited, a wholly-owned subsidiary of the Company
“Properties”	Aoyama Building, Mihashi Building and Clover Aoyama Building located in Aoyama district, Tokyo, Japan
“Shareholder(s)”	holders of shares of the Company
“Shareholders’ Agreement”	a shareholders’ agreement entered into between Pine International and the JV Partners on 26 February 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Traveluck”	Traveluck Investments Inc., a limited company incorporated in British Virgin Islands which is principally engaging in investment holding
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board
Pioneer Global Group Limited
Kenneth Gaw
Managing Director

Hong Kong, 26 February 2019

As at the date of this announcement, the executive directors of the Company are Mrs. Rossana Wang Gaw, Mr. Goodwin Gaw, Mr. Kenneth Gaw, Ms. Christina Gaw and Mr. Alan Kam Hung Lee. The independent non-executive directors of the Company are Dr. Charles Wai Bun Cheung, J.P., Mr. Stephen Tan and Mr. Arnold Tin Chee Ip.

For the purpose of illustration only and unless otherwise stated, conversion of U.S. dollars into Hong Kong dollars and conversion of Japanese Yen into Hong Kong dollars in this announcement is based on the exchange rate of HK\$7.8 to US\$1 and HK\$0.071 to JPY1 respectively. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.