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**Pioneer**

**PIONEER GLOBAL GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00224)**

**MAJOR TRANSACTION: ACQUISITION OF PROPERTY  
AND RESUMPTION OF TRADING**

On 15 July 2009, the Company entered into the Agreement with the Owner and pursuant to which the Lessee agreed to acquire an 80-year leasehold interest of the Property located at 16 Ice House Street, Hong Kong for a total consideration of HK\$410.0 million payable in cash.

The acquisition constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and is subject to reporting, announcement and shareholders' approval requirements. As no Shareholder has any interest in the Agreement, none of the Shareholders is required to abstain from voting if the Company convenes a general meeting for approving the major transaction contemplated under the Agreement. In addition, the Company shall obtain written approval from a closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at general meeting to approve the transactions. If all the conditions as set out in Rule 14.44 of the Listing Rules are met by the Company, the Company shall not be required to hold an extraordinary general meeting for the shareholders' approval of the transactions. A circular relating to this transaction will be dispatched to the Shareholders as soon as practicable and within 21 days from the date of publication of this announcement.

Trading in the shares of the Company was suspended at the request of the Company with effect from 2:57 p.m. on 15 July 2009, pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of shares in the Company with effect from 9:30 a.m. on 22 July 2009 following the publication of this announcement.

**AGREEMENT**

**Date of agreement:**

15 July 2009

**Owner:**

Club Lusitano, a Hong Kong incorporated company limited by guarantee and with principal activities of holding the Property and promoting its objects including inter alia to establish and support, or aid in the establishment and support of associations, institutions, clubs, funds and trusts calculated to benefit the Portuguese Community in Hong Kong. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Owner and its ultimate beneficial owners is a third party independent of the Company and any connected person of the Company and is not a connected person of the Company.

**Lessee:**

Dynamic Business Limited, a wholly owned subsidiary of the Company

**Leasehold Interest:**

80-year leasehold interest of the Property

**Special Provisions:**

- (1) The Property shall be returned to the Owner on an "as is" basis upon expiry of 80-year lease term. During the 80-year lease term, the Lessee shall have (a) the absolute right to sell the residue of the 80-year lease subject to the Owner having a right of first offer on the price to be determined by the Lessee; and (b) the right of first offer to purchase the residue of the term of 999 years from 11 May 1849 under the government lease of the Property if the Owner shall dispose it to an independent third party.
- (2) Upon Completion, the Lessee shall lease 23rd and 24th Floor of the Property to the Owner for a 3-year term with successive options to renew the lease for additional terms of three years at market rate. In addition, the Owner shall be granted a rent-free lease from the Company for 25th to 27th Floor of the Property for a 3-year term with successive options to renew the lease for additional terms of three years, also on a rent-free basis for each successive renewal 3-year term up to a total term of 80 years less the last 3 days thereof.

**Consideration:**

The total consideration for the Leasehold Interest is HK\$410.0 million which was determined with reference to the market value of the Property after arm's length negotiations between the parties. The market value taking into account of an 80-year lease and the above Special Provisions was estimated to be HK\$410.0 million by DTZ, an independent valuer. The Consideration will be satisfied by internal resources and bank financing which has not yet been finalized at the date of this announcement.

**Payment Term:**

HK\$41.0 million was paid to the Owner on signing of the Agreement. HK\$266.5 million shall be paid upon the Completion. The balance of HK\$102.5 million shall be paid by installments over a 5-year period at market interest rate. Such deferred payments and interests payment obligations are guaranteed by the Company.

## **Completion:**

Completion of the transaction shall take place 15 business days from the date of obtaining the approval of Shareholders to the transaction.

## **INFORMATION ON THE PROPERTY**

The Property is a commercial real estate built in 2001. It has 27 storeys with gross floor area of approximately 80,100 sq. ft.. As of 30 June 2009, the occupancy rate (excluding area occupied by the Owner) was about 95% of which about 46% of leased area tenancy will expire in 2010, 20% in 2011 and 18% in 2012. The revenue and net profit before and after taxation attributable to the Property for the years ended 31 March 2008 and 31 March 2009 were as follows:

	<b>For the year ended</b>	
	<b>31 March 2009</b>	<b>31 March 2008</b>
Revenue	HK\$22.7 million	HK\$19.6 million
Net profit before and after taxation	HK\$15.1 million	HK\$13.4 million

## **REASONS AND BENEFITS OF THE ACQUISITION**

The principal activities of the Group are property & hotel investments and asset management. The purpose of the acquisition is for long term rental income and capital appreciation. Taking into consideration of the valuation of the Property, the Directors believe that the acquisition is a valuable investment with good potential return for the Group and the terms of the Agreement (including the Special Provisions) are fair and reasonable and in the best interest of the Company and Shareholders as a whole.

## **GENERAL**

Under the Listing Rules, the acquisition constitutes a major transaction which is subject to the approval of Shareholders. The Company shall obtain a written shareholders' approval pursuant to Rule 14.44(2) from a closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at general meeting to approve the transaction:

- (1) Forward Investments Inc., wholly owned by the YCK Trust, a discretionary trust, of which Madam Y.C. Koo, the mother of Rossana Wang Gaw (an executive director of the Company) is the sole beneficiary, owns 181,388,105 shares (23.58%) of the Company.
- (2) Asset-Plus Investments Ltd., wholly and beneficially owned by Winfred Ho and Elsa Wang Ho who are a married couple and respectively the brother-in-law and sister of Rossana Wang Gaw (an executive director of the Company), owns 68,076,076 shares (8.85%) of the Company.
- (3) Intercontinental Enterprises Corporation, wholly owned by the KYC 1991 Trust, a discretionary trust, of which Rossana Wang Gaw (an executive director of the Company) is the sole beneficiary, owns 123,148,701 shares (16.01%) of the Company.
- (4) Vitality Holdings Limited, wholly owned by Rossana Wang Gaw (an executive director of the Company), owns 15,934,364 shares (2.07%) of the Company.

- (5) Rising Crescent Enterprises Limited, wholly owned by the RGK Trust, a discretionary trust, of which Kenneth Gaw, an executive director of the Company (the son of Rossana Wang Gaw, an executive director of the Company) is the sole beneficiary, owns 27,537,243 shares (3.58%) of the Company.
- (6) Top Elite Company Limited, wholly owned by Kenneth Gaw (an executive director of the Company), owns 8,453,375 shares (1.10%) of the Company.
- (7) Kenneth Gaw (an executive director of the Company) owns 1,805,527 shares (0.23%) of the Company.

The closely allied group has been shareholders for over 5 years and has been voting in the same way in all resolutions since they became Shareholders, including previous 2 major transactions: Acquisition of Property at City Garden Podium and Formation of Joint Venture dated 18 February 2005 and 25 May 2004 respectively. They are together considered as “acting in concert” under the Takeovers Code and have no interest in this major transaction which is different from other Shareholders. The Company confirms that the closely allied group of shareholders and their ultimate beneficial owners and their respective associates have not dealt in and are aware that they must not deal in the Company’s securities before information relating this transaction is made available to the public. The written approval from the closely allied group of shareholders will be in lieu of holding a physical shareholders’ meeting. A circular relating to this transaction will be dispatched to the Shareholders as soon as practicable and within 21 days from the date of publication of this announcement.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company was suspended with effect from 2:57 p.m. on 15 July 2009, pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading of the shares in the Company with effect from 9:30 a.m. on 22 July 2009.

## **DEFINITIONS**

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

“Company”	Pioneer Global Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	The entire real property (named Club Lusitano) located at 16 Ice House Street, Hong Kong
“Shareholder(s)”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*As at the date of this announcement, the executive directors of the Company are Mrs. Rossana Wang Gaw, Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Jane Kwai Ying Tsui. The independent non-executive directors of the Company are Dr. Charles Wai Bun Cheung, JP, Mr. Stephen Tan and Mr. Arnold Tin Chee Ip.*

By order of the Board  
**Kenneth Gaw**  
*Managing Director*

Hong Kong, 21 July 2009