

## IMPORTANT

**If you are in any doubt** about this circular, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Pioneer Global Group Limited, you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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### PIONEER GLOBAL GROUP LIMITED

建生國際集團有限公司

*(Incorporated in Bermuda with limited liability)*

*Executive Directors:*

Rossana Wang Gaw (*Chairman*)

Goodwin Gaw (*Vice Chairman*)

Kenneth Gaw (*Managing Director*)

Jane Kwai Ying Tsui

*(General Manager & Company Secretary)*

*Registered Office:*

Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

*Independent non-executive Directors:*

Dr. Charles Wai Bun Cheung, JP

The Hon. Bernard Charnwut Chan

Arnold Tin Chee Ip

*Principal office in Hong Kong:*

29th Floor

Dah Sing Financial Centre

108 Gloucester Road

Wanchai

Hong Kong

30th July 2002

*To the Shareholders*

Dear Sir/Madam,

**PROPOSALS RELATING TO  
THE INCREASE IN AUTHORISED SHARE CAPITAL  
AND  
THE GENERAL MANDATE TO REPURCHASE SHARES**

It is proposed that at the forthcoming 2002 Annual General Meeting (“AGM”) of Pioneer Global Group Limited (the “Company”) convened to be held on 29th August 2002, resolutions shall be proposed to seek your approval in respect of the following matters:

- (i) the increase of the authorised share capital of the Company from HK\$100,000,000 to HK\$200,000,000 by the creation of 1,000,000,000 additional shares of HK\$0.10 each; and
- (ii) the renewal of the general mandate given to directors of the Company (the “Directors”) to repurchase shares of HK\$0.10 each in the capital of the Company (“Shares”).

The purpose of this circular is to provide you with details regarding each of the above matters.

## **THE INCREASE OF AUTHORISED SHARE CAPITAL**

At the 2002 AGM, an ordinary resolution will be proposed to increase the authorised share capital of the Company from HK\$100,000,000 to HK\$200,000,000 by the creation of 1,000,000,000 additional Shares, such new Shares to rank *pari passu* in all respects with the existing Shares.

As at 25th July 2002, being the latest practicable date prior to the printing of this circular, the number of shares in issue was 748,984,917 shares.

The purpose of increasing the authorised share capital of the Company is to enable the Company, where necessary or appropriate, to allot and issue Shares pursuant to the general mandate proposed to be conferred on the Directors at the 2002 AGM to issue, allot and otherwise deal with Shares representing not more than 20% of aggregate nominal amount of the share capital of the Company in issue as at the date on which the resolution to approve such general mandate is approved by shareholders of the Company.

The Directors believe that the proposed increase in the authorised share capital of the Company will enable the Company, from time to time, to readily provide for an issue of Shares pursuant to any transaction or arrangement which has to be completed or effected speedily.

At present, the Directors do not have an intention to issue any shares in the unissued share capital of the Company.

## **THE GENERAL MANDATE TO REPURCHASE SHARES**

At the Company’s 2001 AGM, the Directors were granted a general mandate to repurchase Shares up to a maximum of 10% of the aggregate nominal value of the issued share capital of the Company at the date of the relevant resolution (the “Share Repurchase Mandate”). The Share Repurchase Mandate shall expire upon the conclusion of the 2002 AGM to be held on 29th August 2002. It is therefore proposed to seek your approval for an ordinary resolution to be proposed at the forthcoming AGM to give a general mandate to the

Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal value of the issued share capital of the Company at the date of the resolution.

Full texts of the ordinary resolution are set out in the Notice of AGM in the Annual Report. Whether or not you intend to be present in the 2002 AGM, you are requested to complete and return to the Company's principal office in Hong Kong the Form of Proxy in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the AGM.

The information required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to be sent to shareholders of the Company in connection to the proposed renewal of the Share Repurchase Mandate is set out in the Appendix to this circular.

## **RECOMMENDATION**

The Directors considers that the increase in the authorised share capital of the Company and the granting of the Share Repurchase Mandate are in the best interests of, and for the benefit of, the Company and its shareholders and, accordingly, recommend shareholders to vote in favor of the resolutions to be proposed at the 2002 AGM in respect of such matters.

Yours faithfully,  
By Order of the Board  
**Rossana Wang Gaw**  
*Chairman*

The following is the Explanatory Statement required to be sent to shareholders of the Company under the Listing Rules in connection with the granting to the Directors of the Share Repurchase Mandate.

- (i) It is proposed that up to 10% of the shares in issue at the date of the passing of the resolution to approve the Share Repurchase Mandate may be repurchased. As at 25th July 2002, being the latest practicable date prior to the printing of this circular, the number of shares in issue was 748,984,917 shares. On the basis of such figure (and assuming no further shares are issued and no shares are repurchased by the Directors pursuant to the Share Repurchase Mandate granted to them at the 2001 AGM prior to the 2002 AGM), the exercise of the Share Repurchase Mandate in full during the period ending upon the conclusion of the 2003 AGM of the Company or the expiration of the period within which the next AGM of the Company is required by its Bye-Laws or any applicable laws of Bermuda to be held or the revocation or variation of the Share Repurchase Mandate by an ordinary resolution of the Company, whichever is the earliest (being the repurchase of 10% of the shares in issue at the date of the passing of the resolution to approve the Share Repurchase Mandate), would enable the Company to repurchase 74,898,491 shares.
- (ii) The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders to repurchase shares in the market. A repurchase of shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share and will only be made when the Directors believe that such repurchase will benefit the Company and its shareholders.
- (iii) The Company is empowered by its Memorandum of Association and Bye-laws to repurchase its shares. Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose.
- (iv) If the Share Repurchase Mandate was exercised in full, it could have a material adverse effect on the working capital or the gearing position of the Company as compared with the position disclosed in the Company's audited accounts for the year ended 31st March 2002. The Directors, however, do not propose to exercise the Share Repurchase Mandate to such an extent so as to have such an adverse material impact.

- (v) There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquires) any associates (as defined in the Listing Rules) of Directors who have a present intention to sell shares to the Company in the event that the Share Repurchase Mandate is granted by the shareholders.
- (vi) The Directors have undertaken to the Stock Exchange that they will exercise the powers of the Company to repurchase shares pursuant to the Share Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Bermuda, the Memorandum of Association of the Company and the Bye-Laws.
- (vii) If a shareholder's proportionate interest in the voting rights of the Company increase on exercise of the power to repurchase shares pursuant to the Share Repurchase Mandate, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). As a result, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at 25th July 2002 (the latest practicable date prior to the printing of this circular), Forward Investments, Inc., the single largest shareholder of the Company, holds approximately 23.25% of the issued share capital of the Company. In the event that the Directors exercise in full the power to repurchase shares, the shareholding of Forward Investments, Inc. in the Company would be increased to approximately 25.84% of the issued share capital of the Company. In the opinion of the Directors, such increase may not give rise to an obligation to make a mandatory offer under the Takeovers Code.

- (viii) The Company has purchased its shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in the six months preceding the date of this circular. Details are as follows:

<b>Date of repurchase</b>	<b>No. of shares repurchased</b>	<b>Price per share or highest price paid HK\$</b>	<b>Price per share or lowest price paid HK\$</b>
5 February 2002	548,000	0.270	0.270
20 February 2002	1,056,000	0.320	0.310
25 February 2002	500,000	0.315	0.315
22 March 2002	1,084,000	0.310	0.305

- (ix) No connected persons of the Company (as defined in the Listing Rules) have notified the Company of a present intention to sell shares to the Company and no such persons have undertaken not to sell any such shares to the Company in the event that the Share Repurchase Mandate is granted by the shareholders.
- (x) The highest and lowest market prices at which shares in the Company have been traded on the Stock Exchange during each of the previous 12 months prior to the printing of this circular were as follows:

	<b>Price per share</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2001</b>		
July*	—	—
August	0.360	0.260
September	0.395	0.300
October	0.340	0.255
November	0.340	0.275
December	0.330	0.249
<b>2002</b>		
January	0.295	0.247
February	0.340	0.248
March	0.315	0.305
April	0.310	0.305
May	0.295	0.250
June	0.250	0.238

\* During the month of July 2001, no share in the Company was traded on the Stock Exchange.