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Pioneer
PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 00224)

DISCLOSEABLE TRANSACTION
FORMATION OF A JOINT VENTURE
FOR PARTICIPATION IN MACAU PROPERTY INVESTMENT

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DEFINITIONS

In this circular, 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
“Completion”	completion of the Joint Venture Agreement which has taken place on the date of the Joint Venture Agreement
“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 PRC
“Joint Venture”	Valuedrive Investments Ltd., a joint venture company incorporated in the British Virgin Islands on 8 March 2005, which following Completion is owned as to 50% by Pine International, 30% by Wachovia and 20% by MSREF
“Joint Venture Agreement”	an agreement dated 5 April 2005 entered into among the Company, Pine International, Wachovia and MSREF in relation to their coinvestment in the Joint Venture
“Latest Practicable Date”	28 April 2005, being the latest practicable date prior to the printing of the circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MSREF”	MSR Asia Acquisitions III, Inc., a company incorporated in the Cayman Islands and a wholly-owned subsidiary of MSREF V International Funding, L.P.
“Parties”	named parties to the Joint Venture Agreement, meaning the Company, Pine International, Wachovia and MSREF

DEFINITIONS

“Pine International”	Pine International Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“PRC”	People’s Republic of China
“Property”	FECHO BPG – ZONA – LOTE 7, a 22-storey commercial building located on 251A-301 Avenida commercial de Macau in Macau (with 17 office floors and 5 floors of retail space and parking spaces) which has a total gross floor area of approximately 437,000 square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underlying Joint Venture”	Turbo Ventures Ltd., a company incorporated in the Cayman Islands on 7 March 2005
“US”	the United States of America
“US\$”	United States dollars, the lawful currency of US
“Wachovia”	Wachovia Development Corporation, a company incorporated in the state of North Carolina, the US, and a wholly-owned subsidiary of Wachovia Corporation

LETTER FROM THE BOARD



Pioneer PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 00224)

Executive Directors:

Rossana Wang Gaw (*Chairman*)
Goodwin Gaw (*Vice Chairman*)
Kenneth Gaw (*Managing Director*)
Jane Kwai Ying Tsui

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Independent Non-executive Directors:

Dr. Charles Wai Bun Cheung, J.P.
The Hon. Bernard Charnwut Chan
Arnold Tin Chee Ip

Principal Place of Business and

Head Office in Hong Kong:
Suites 01-03, 30th Floor
Office Tower, Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

3 May 2005

To Shareholders

Dear Sir/Madam

DISCLOSEABLE TRANSACTION FORMATION OF A JOINT VENTURE FOR PARTICIPATION IN MACAU PROPERTY INVESTMENT

INTRODUCTION

On 5 April 2005, the Company and Pine International, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with Wachovia and MSREF in relation to the formation of the Joint Venture for the purposes of participation in an investment in the Property.

The Group's investment under the Joint Venture Agreement constituted a discloseable transaction pursuant to Rule 14.06(2) of the Listing Rules. The purpose of this circular is to provide shareholders with further information on the Joint Venture Agreement and other information of the Group as set out in the Appendix to this circular in compliance with the requirements of the Listing Rules.

LETTER FROM THE BOARD

JOINT VENTURE AGREEMENT

Date

5 April 2005

Parties

- a. Pine International Limited, a wholly-owned subsidiary of the Company (as subscriber)
- b. Wachovia Development Corporation (as subscriber)
- c. MSR Asia Acquisitions III, Inc. (as subscriber)
- d. the Company (as guarantor)

The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, Wachovia, MSREF and their respective ultimate beneficial owners are third parties independent of and not connected with the Company or the connected persons (as defined in the Listing Rules) of the Company. The Directors further confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, save for their respective participation in the Joint Venture and/or the Underlying Joint Venture, each of Wachovia, MSREF and their respective beneficial owners does not have any relationship with the Company, the Joint Venture and/or the Underlying Joint Venture.

Shareholdings, Parties' capital contributions and shareholders' loans

The relative contributions of Pine International, Wachovia and MSREF and their respective interests in the share capital of the Joint Venture upon Completion and their obligations to provide shareholders' loans to the Joint Venture are as follows (to be provided in cash):

Parties	Number of shares subscribed	Aggregate subscription price	Percentage of shareholding	Shareholder's loan
Pine International	5	HK\$5.00	50%	HK\$45,000,000
Wachovia	3	HK\$3.00	30%	HK\$27,000,000
MSREF	2	HK\$2.00	20%	HK\$18,000,000

The aggregate amount of contributions to the Joint Venture by the Parties was determined with reference to the estimated amount that the Joint Venture will be required to contribute to the Underlying Joint Venture as capital and/or shareholder's loans to enable the Underlying

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Joint Venture to purchase the Property. Pending the final determination of such amount (which will depend on the amount of bank loan obtainable by the Underlying Joint Venture to fund the acquisition costs for the Property), the Joint Venture has advanced to the Underlying Joint Venture the aggregate amount of contributions received from the Parties on an interest-free basis. The amount of HK\$45,000,005 (being the aggregate amount of the shareholder's loan to be contributed by Pine International to the Joint Venture and the subscription price as shown above) is the total commitment contracted to be made by the Group in connection with the Joint Venture. The Group has made no contractual commitment to contribute any capital or shareholder's loan to the Underlying Joint Venture as it is not a party to the Underlying Joint Venture. Further details on the Underlying Joint Venture are set out in the paragraph headed "Purpose of the Joint Venture" in this circular.

Completion

Completion of the Joint Venture Agreement has taken place on 5 April 2005.

Further financing

In the event that the Joint Venture requires further financing beyond the original contributions of the Parties, the board of directors of the Joint Venture will determine the most appropriate way of funding at the relevant time, which includes but is not limited to loans from the Parties or other independent third parties. However, none of the Parties is under any contractual obligation to provide further financing in whatsoever form to the Joint Venture.

Restrictions on transfer

Pine International and Wachovia are prohibited from transferring their respective interests in the Joint Venture until the termination of the Joint Venture Agreement except on the occurrence of the following events specified under the Joint Venture Agreement:

- (a) where the Joint Venture transfers any of its interest in the Underlying Joint Venture;
or
- (b) where an event of default (being a material breach by a party of any of its obligation under the Joint Venture Agreement, or action is being taken for the dissolution or administration of that party, or any person takes any step to appoint a liquidator or similar officer in respect of any asset held by the party, or that party convenes a meeting of its creditors or makes or proposes any arrangement or composition with its creditors, and the relevant default is unremedied or unwaived 30 days after the default first occurred) has occurred and the transfer is by the non-defaulting party;
or
- (c) in respect of Wachovia only, where (i) MSREF exercises or proposes to exercise any right to dispose of any of its interests in the Underlying Joint Venture and (ii) the Joint Venture does not exercise or does not propose to exercise either its right of first refusal or its tag-along right in relation to its interests in the Underlying Joint Venture; or

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- (d) where MSREF exercises its rights or proposes to exercise its rights to purchase the Joint Venture's interests in the Underlying Joint Venture and Pine International and Wachovia fail to reach an agreement on the treatment of the Joint Venture's interests in the Underlying Joint Venture.

Upon the occurrence of the foregoing specified events under the Joint Venture Agreement, if Pine International or Wachovia (the "First Party") intends to transfer its interests in the Joint Venture (the "Transfer"), the First Party may give written notice to the other (the "Second Party") and the Second Party has an option to either accept such offer or sell its own interests in the Joint Venture to the First Party based on the same price. MSREF is permitted to transfer its interests in the Joint Venture only when it exercises or proposes to exercise its right to transfer its interests in the Underlying Joint Venture. Such rights can only be exercised at any time on or after the first anniversary of the closing of the acquisition of the Property by the Underlying Joint Venture.

Board representation

The board of the Joint Venture consists of four directors. Pine International has the right to appoint two directors and Wachovia and MSREF each has the right to appoint one director. None of the directors of the Joint Venture has a casting vote.

Purpose of the Joint Venture

It is the intention of the Parties to co-invest in the Property indirectly through their participation in the Joint Venture which will in turn take up a 50% interest (by subscribing for a 50% shareholding at par and providing a proportionate shareholder's loan) in the Underlying Joint Venture, which has on 30 March 2005 contracted to acquire the Property at HK\$600,000,000 from a third party. (The Property has been independently valued by Jones Lang LaSalle at HK\$650,000,000 with the benefit of vacant possession, assuming all building structure and services are completed and ready for occupation, as at 18 March 2005.) It is currently expected that the acquisition of the Property will be completed in early May 2005. The third party vendor of the Property and its ultimate beneficial owners are independent of and not connected with the Company or any of the connected persons (as defined in the Listing Rules) of the Company. It is intended that shortly before the Underlying Joint Venture completes the acquisition of the Property, the Joint Venture will acquire a 50% shareholding in the Underlying Joint Venture. The remaining interest in the Underlying Joint Venture will continue to be held by MSREF.

The Underlying Joint Venture intends to fund the acquisition costs of the Property to the maximum extent possible by a bank loan, secured on the Property without recourse to the shareholders of the Underlying Joint Venture or the shareholders of the Joint Venture. The actual amount of contribution (by way of subscription and shareholder's loan) by the Joint Venture to the Underlying Joint Venture is yet to be determined as at the date of this circular. Such amount will be determined taking into account the actual sum of bank financing to be obtained by the Underlying Joint Venture. Pending the final determination of the amount of bank loan to be obtained by the Underlying Joint Venture, the Joint Venture has advanced to the Underlying Joint Venture all of the contributions (capital and shareholder's loans) received

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from the Parties on an interest-free basis. To the extent that there is any balance of the acquisition costs of the Property such balance will be funded by way of proportionate shareholder's loans which are to be provided by the shareholders of the Underlying Joint Venture. The Company will comply with all applicable requirements under the Listing Rules if the Group advances any further shareholder's loan to the Joint Venture Company to enable it to make any necessary shareholder's loan to the Underlying Joint Venture, including but not limited to the notes to Rule 14.15(2) of the Listing Rules, by the issue of further announcement (if required).

It is also proposed that the Group will enter into an agreement with the Underlying Joint Venture pursuant to which the Group will provide construction and management services in relation to the Property to the Underlying Joint Venture.

Guarantee

As the Group is taking up its interest through its wholly-owned subsidiary, Pine International, the Company has agreed to unconditionally and irrevocably guarantee to Wachovia the punctual performance of Pine International's obligations under the Joint Venture Agreement.

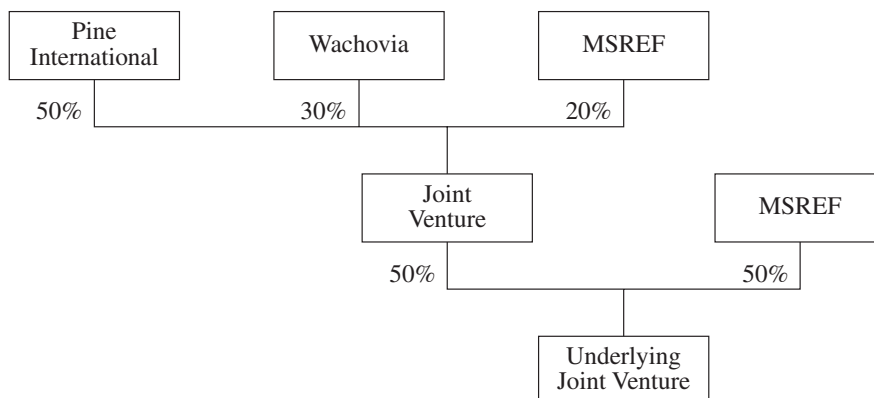
REASONS FOR AND BENEFITS OF THE JOINT VENTURE AGREEMENT

The Group is principally engaged in property & hotel investment and management business.

The Group's 50% participation in the Joint Venture, which will in turn take up a 50% interest in the Underlying Joint Venture, will result in the Group acquiring an attributable 25% interest in the Property (with MSREF and Wachovia holding an attributable 60% and 15% interest respectively). The Group intends to hold the Property for investment purposes. Assuming completion of the Joint Venture's subscription for a 50% shareholding in the Underlying Joint Venture, the Underlying Joint Venture will be treated as an associated company of the Joint Venture and its financial results will be equity accounted for in the Joint Venture's financial statements. The Joint Venture will itself be accounted for as an associated company of the Group and its financial results will be equity accounted for in the Group's financial statements. As the Property is currently vacant, its acquisition would have no material effect on the earnings of the Group. The Underlying Joint Venture will not be an associated company of the Group. The Directors consider that the Group's acquisition of such an interest in the Property will enable the Group to diversify its investment portfolio to Macau where the property market is expected to show strong growth potential and is in line with the current business strategy of the Group. The Directors believe that the terms of the Joint Venture Agreement, which were negotiated on an arm's length basis, are fair and reasonable and the Group's participation thereunder is in the best interest of the Company and its shareholders as a whole.

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The shareholding structure of the Joint Venture and of the Underlying Joint Venture following the acquisition of a 50% shareholding in the Underlying Joint Venture by the Joint Venture is as follows:



The relevant contributions of Pine International under the Joint Venture Agreement will be funded principally by the Group's internal resources and existing banking facilities.

INFORMATION ON THE PARTIES, THE JOINT VENTURE, THE UNDERLYING JOINT VENTURE AND THE PROPERTY

Pine International

Pine International is an investment holding company wholly-owned by the Company.

Wachovia

Wachovia is a wholly-owned subsidiary of Wachovia Corporation, a public listed company in the US which is one of the largest providers of financial services to retail, brokerage and corporate customers, with retail operations and retail brokerage operations in the US.

MSREF

MSREF is a wholly-owned subsidiary of MSREF V International Funding, L.P., a Morgan Stanley sponsored fund which principally engages in property investment in Asia and Europe.

The Joint Venture

The Joint Venture is incorporated in the British Virgin Islands on 8 March 2005, which following Completion is owned as to 50% by Pine International, 30% by Wachovia and 20% by MSREF. As the Joint Venture has just been incorporated and has not commenced its business, its turnover, profit before tax and profit after tax are nil. The total assets and net asset value of the Joint Venture as at the Latest Practicable Date are approximately HK\$90 million and HK\$10 respectively.

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The Underlying Joint Venture

The Underlying Joint Venture is incorporated in the Cayman Islands on 7 March 2005. As the Underlying Joint Venture has just been incorporated and has not commenced its business, its turnover, profit before tax and profit after tax are nil. The total assets and net asset value of the Underlying Joint Venture as at the Latest Practicable Date are approximately HK\$180 million (comprising advance of HK\$90 million from each of MSREF and the Joint Venture on the same terms) and US\$1.00 respectively.

The Property

The Property, FECHO BPG – ZONA – LOTE 7, is a 22-storey commercial building located on 251A-301 Avenida commercial de Macau in Macau (with 17 office floors and 5 floors of retail space and parking spaces) which has a total gross floor area of approximately 437,000 square feet. The Property has been vacant since its construction was completed in 2001.

LISTING RULES IMPLICATIONS

The Group's investment under the Joint Venture Agreement constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules. As stated in the paragraph headed "Shareholdings, Parties' capital contributions and shareholders' loans" above, a shareholder's loan in the sum of HK\$45,000,000 has been provided by Pine International to the Joint Venture which has become an associated company of the Company following Completion. Such shareholder's loan (which is interest-free and unsecured and has no fixed repayment terms) represents more than 8% of the relevant percentage ratio under the Listing Rules. Accordingly, a general disclosure obligation under Rule 13.13 of the Listing Rules has arisen upon the provision of the shareholder's loan by Pine International to the Joint Venture following the Completion.

GENERAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully
For and on behalf of
Pioneer Global Group Limited
Kenneth Gaw
Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made full reasonable enquires, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the following Directors and chief executives of the Company were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

Long position in shares of the Company

	Personal interests	Interests held by controlled corporation	Interest held by family trust	Total	%
Rossana Wang Gaw	–	15,934,364 ¹	123,148,701 ³	139,083,065	18.08
Kenneth Gaw	1,805,527	8,453,375 ²	27,537,243 ⁴	37,796,145	4.91
Jane Kwai Ying Tsui	600,750	–	–	600,750	0.08

1. Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 15,934,364 shares.
2. Mr. Kenneth Gaw owns the entire issued share capital of Fortune South China Limited, which was beneficially interested in 8,453,375 shares.
3. Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 123,148,701 shares.
4. Family trust of which Mr. Kenneth Gaw is a beneficiary held an aggregate of 27,537,243 shares.

Long position in underlying shares of the Company

	Number of share options	Exercise price (HK\$)	Date of grant	Exercise period
Rossana Wang Gaw	8,166,807	1.582	06/03/97	06/03/97 to 05/03/07
Goodwin Gaw	9,668,226	1.941	24/10/96	24/10/96 to 23/10/06
	7,507,093	1.582	06/03/97	06/03/97 to 05/03/07
Kenneth Gaw	9,668,226	1.941	24/10/96	24/10/96 to 23/10/06
	7,507,093	1.582	06/03/97	06/03/97 to 05/03/07
Jane Kwai Ying Tsui	2,274,876	1.941	24/10/96	24/10/96 to 23/10/06
	2,274,877	1.582	06/03/97	06/03/97 to 05/03/07

Long position in shares of associated companies of the Company

Name of associated company	Name of Director	No. of shares held by controlled corporation	% of share in issue
Grandsworth Pte. Ltd.	Rossana Wang Gaw	1*	50.0
Grandsworth Pte. Ltd.	Kenneth Gaw	1*	50.0
Pioneer Hospitality Siam (GBR) Ltd.	Rossana Wang Gaw	475,000*	47.5
Pioneer Hospitality Siam (GBR) Ltd.	Kenneth Gaw	475,000*	47.5
Keencity Properties Ltd.	Rossana Wang Gaw	4,721,034*	47.5
Keencity Properties Ltd.	Kenneth Gaw	4,721,034*	47.5
Pioneer iNetwork Ltd.	Rossana Wang Gaw	1*	50.0
Pioneer iNetwork Ltd.	Kenneth Gaw	1*	50.0

* Interested by Mrs. Rossana Wang Gaw and Mr. Kenneth Gaw represented the same interests and were therefore duplicated amongst these two Directors for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors of the Company were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code of Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and so far is known to, or can be ascertained after reasonable enquiry by the Directors:

- (i) the following persons had beneficial interests representing 5% or more of the issued share capital of the Company

Name of shareholder	Number of shares	%
Asset-Plus Investments Ltd.	68,076,076	8.85
Forward Investments Inc.	181,388,105	23.58
Intercontinental Enterprises Corporation	123,148,701	16.01
Prosperous Island Limited	65,939,293	8.57

- (ii) the following person had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

	Interests held by controlled corporation	Interest held by family trust	Total	%
Rossana Wang Gaw	15,934,364 ¹ (L)	123,148,701 ² (L)	139,083,065	18.08

1. Mrs. Rossana Wang Gaw owns the entire issued share capital of Vitality Holdings Limited, which was beneficially interested in 15,934,364 shares.

2. Family trust of which Mrs. Rossana Wang Gaw is the sole beneficiary held an aggregate of 123,148,701 shares.

L: Long position in shares

Save as disclosed below, the Directors are not aware of any other persons (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of subsidiary	Name of shareholder	%
Forerunner Investments Limited	Farnham Group Limited	30
Pioneer iConcepts Limited	Ng Poon Wing Man Agnes	40

4. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors have any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against the Group.

6. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates have any interest in any business which competes or is likely to compete with the business of the Group.

7. QUALIFICATION OF EXPERT

The following is the qualification of the expert who has given opinion contained in this circular:

Name	Qualification
Jones Lang LaSalle	Professional Property Valuer

As at the Latest Practicable Date, Jones Lang LaSalle did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. CONSENTS

Jones Lang LaSalle has given and has not withdrawn its written consent the issue of this circular to the inclusion of its opinion with reference to its name in the form and context in which they appear.

9. GENERAL

- (i) The Qualified Accountant of the Company is Mr. Lee Kam Hung Alan, a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (ii) The Secretary of the Company is Ms. Tsui Kwai Ying Jane, an associate of the Institute of Bankers of London.
- (iii) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (iv) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (v) In the event of inconsistency, the English text shall prevail over the Chinese text.