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**Pioneer**

**PIONEER GLOBAL GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 00224)**

**DISCLOSEABLE TRANSACTION AND ANNOUNCEMENT  
PURSUANT TO RULES 13.14 & 13.15 OF THE LISTING RULES**

Reference is made to the Company's announcement dated 12 April 2005 and circular dated 3 May 2005 (Discloseable Transaction: Formation of a Joint Venture for Participation in Macau Property Investment) in which particulars of advance to Valuedrive Investments Limited (the "Joint Venture"), an associated company of the Company, were disclosed.

On 29 April 2005, Pine International, a wholly owned subsidiary of the Company, provided further advance of approximately HK\$34.8 million to the Joint Venture. Such further advance constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and announcement should be made as soon as possible after the terms of the aforesaid transaction have been finalized. A circular containing details of the further advance and other information as required by the Listing Rules will be dispatched to the shareholders of the Company within 21 days from the date of publication of this announcement.

In addition, as the relevant percentage ratio of the total advances to the Joint Venture has increased by more than 3% since the previous disclosure in the Company's announcement dated 12 April 2005 (Discloseable Transaction: Formation of a Joint Venture for Participation in Macau Property Investment), the Company has a general disclosure obligation pursuant to Rules 13.14 and 13.15 of the Listing Rules.

The delay in the publication of this announcement constitutes a breach of Rules 13.14, 13.15 and 14.34 of the Listing Rules.

On 5 April 2005, Pine International, a wholly owned subsidiary of the Company, subscribed for a 50% equity interest in the Joint Venture at par for HK\$5 ("**Subscription Price**") and provided a shareholder's loan of HK\$45 million ("**First Advance**") to the Joint Venture (an associated company of the Company) in proportion to Pine International's equity interest in the Joint Venture. The First Advance is interest free, unsecured and have no fixed repayment terms. The amount HK\$45,000,005 (being the aggregate amount of the First Advance and the Subscription Price) represents the total commitment contracted by the Group according to the Joint Venture Agreement dated 5 April 2005 in connection with the formation of the Joint Venture. Details of the formation of Joint Venture and First Advance were disclosed in the Company's announcement dated 12 April 2005 (the "**Previous Announcement**") and circular dated 3 May 2005 (Discloseable Transaction: Formation of a Joint Venture for Participation in Macau Property Investment) (the "**Previous Circular**").

On 29 April 2005, Pine International provided another shareholder's loan of approximately HK\$34.8 million ("**Second Advance**") to the Joint Venture in proportion to Pine International's equity interest in the Joint Venture. The Second Advance was made to fund the acquisition and renovation of the Property pursuant to the funding request from the Joint Venture. It was not made pursuant to any written or verbal contractual commitment.

## REASONS FOR AND BENEFITS OF THE SECOND ADVANCE

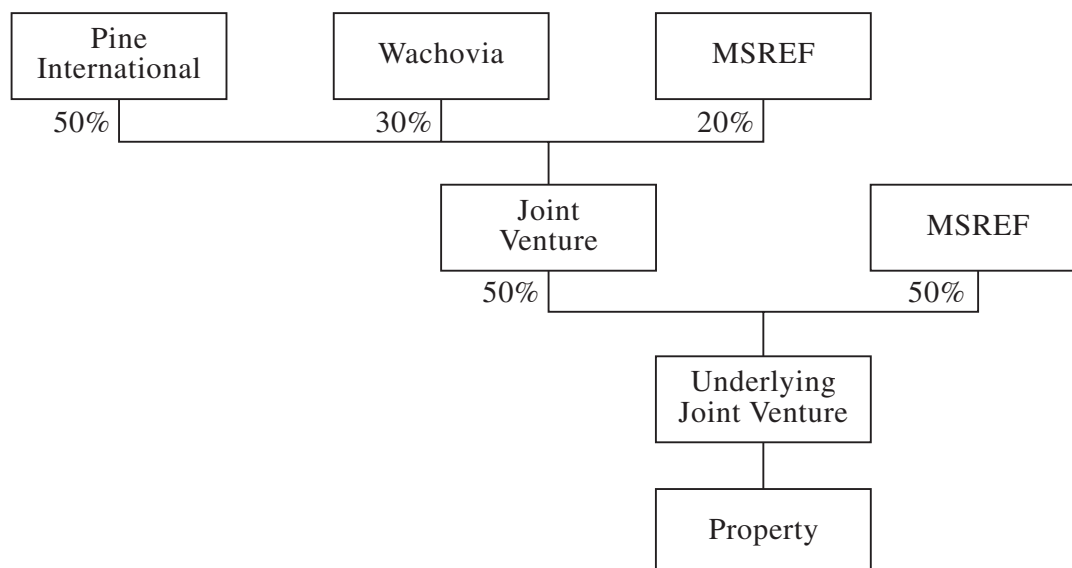
The Group is principally engaged in property and hotel investment and management business.

The Joint Venture is principally engaged in property investment through its participation in the Underlying Joint Venture, which has acquired the Property at HK\$600 million from a third party and the acquisition of the Property was completed on 29 April 2005. 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 consideration was funded by shareholders loans of HK\$240 million from the Parties and bank borrowings of HK\$360 million. As of 29 April 2005, the Underlying Joint Venture has requested fund contributions of approximately HK\$319.2 million (including the aforesaid HK\$240 million shareholders loans from the Parties) for acquisition and renovation of the Property and working capital from the Joint Venture and MSREF.

The third party vendor of the Property and its ultimate beneficial owners are independent of and not connected with the Company or any of its connected persons (as defined in the Listing Rules) of the Company. The Group's 50% participation in the Joint Venture, which in turn has taken up a 50% interest in the Underlying Joint Venture, result in the Group acquiring an attributable 25% interest in the Property in Macau. The First and Second Advances aggregate to a total amount of HK\$79.8 million.

The shareholding structure of the Joint Venture and the Underlying Joint Venture as at the date of this announcement is as follows:



Save for the First Advance of HK\$45 million which is the total commitment contracted by the Group in connection with the formation of the Joint Venture, the Group has made no contractual commitment to further contribute any capital or shareholder's loan to the Joint Venture and Underlying Joint Venture. As the Joint Venture is a 50% associated company of the Group, support should be provided to the Joint Venture to fund its operation and the acquisition and renovation (planned to be completed by December 2005) of the Property from time to time as required in proportion to the Group's equity interest in the Joint Venture.

Pursuant to the funding request from the Joint Venture, the Second Advance of approximately HK\$34.8 million (HK\$23.8 million was made to fund the acquisition of the Property, HK\$6.25 million was made to fund the renovation of the Property and HK\$4.75 million was made to fund the operation of the Underlying Joint Venture as working capital) in proportion to Pine International's 50% equity interest in the Joint Venture with terms same as the other shareholders loans from the other shareholders. The Second Advance is interest-free, unsecured and have no fixed repayment terms. It was wholly funded by the Group's internal resources.

Given that the Second Advance was made to the Joint Venture in proportion to Pine International's equity interest in the Joint Venture, as is normal commercial practice, the Directors believe that the terms of the Second Advance are fair and reasonable and in the interests of the shareholders as a whole.

The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiries, parties to the Joint Venture, namely, 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.

## **LISTING RULES IMPLICATIONS**

The First Advance represented more than 8% of the relevant percentage ratio under the Listing Rules. Accordingly, the Company had discharged its general disclosure obligation under Rule 13.13 of the Listing Rules by disclosing the details of the First Advance in the Previous Announcement. However, As the relevant percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the Second Advance to the Joint Venture is more than 3%, the Company has a general disclosure obligation pursuant to Rules 13.14 and 13.15 of the Listing Rules.

The Group's Second Advance to the Joint Venture constitutes a discloseable transaction of the Company pursuant to Rule 14.06(2) of the Listing Rules. As the Second Advance made was during the period when the circular for the First Advance was under preparation, it was mistakenly treated as part of the same transaction. Such error was later uncovered by routine internal control checks of the Company and the Stock Exchange was then informed immediately. The delay in the publication of this announcement possibly constitutes a breach of Rules 13.14, 13.15 and 14.34 of the Listing Rules.

A circular containing further details of the Second Advance and other information as required under the Listing Rules will be dispatched to the shareholders within 21 days from the date of publication of this announcement.

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, including but not limited to Chapters 13 and 14 of the Listing Rules, by the issue of further announcement (if required).

## **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
“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 Limited, a joint venture company incorporated in the British Virgin Islands on 8 March 2005, which is owned 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 co-investment in the Joint Venture
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“MSREF”	MSREF Asia Acquisitions III, Inc., a company incorporated in the Cayman Islands and 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
“Parties”	Shareholders of the Joint Venture, meaning Pine International, Wachovia and MSREF
“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”	a 22-storey commercial building located on 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 and a wholly-owned subsidiary of MSREF
“US”	the United States of America

“Wachovia”

Wachovia Development Corporation, a company incorporated in the state of North Carolina, the US, and 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

By Order of the Board

**Kenneth Gaw**

*Managing Director*

Hong Kong, 6 July 2005

*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 and the independent non-executive directors of the Company are Dr. Charles Wai Bun Cheung, J.P., The Hon. Bernard Charnwut Chan and Mr. Arnold Tin Chee Ip.*

"Please also refer to the published version of this announcement in The Standard"