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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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**Pioneer**  
**PIONEER GLOBAL GROUP LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 00224)**

**DISCLOSEABLE TRANSACTION**  
**FURTHER ADVANCE TO A JOINT VENTURE**  
**FOR PARTICIPATION IN MACAU PROPERTY INVESTMENT**

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15 July 2005

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## DEFINITIONS

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*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
“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 co-investment in the Joint Venture
“Latest Practicable Date”	13 July 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., a Morgan Stanley sponsored fund which principally engages in property investment in Asia and Europe
“Parties”	named parties to the Joint Venture Agreement, meaning the Company, Pine International, Wachovia and MSREF

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## DEFINITIONS

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“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 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

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## LETTER FROM THE BOARD

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# 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

15 July 2005

*To Shareholders*

Dear Sir/Madam

### **DISCLOSEABLE TRANSACTION FURTHER ADVANCE TO A JOINT VENTURE FOR PARTICIPATION IN MACAU PROPERTY INVESTMENT**

#### **INTRODUCTION**

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 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.

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## LETTER FROM THE BOARD

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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.

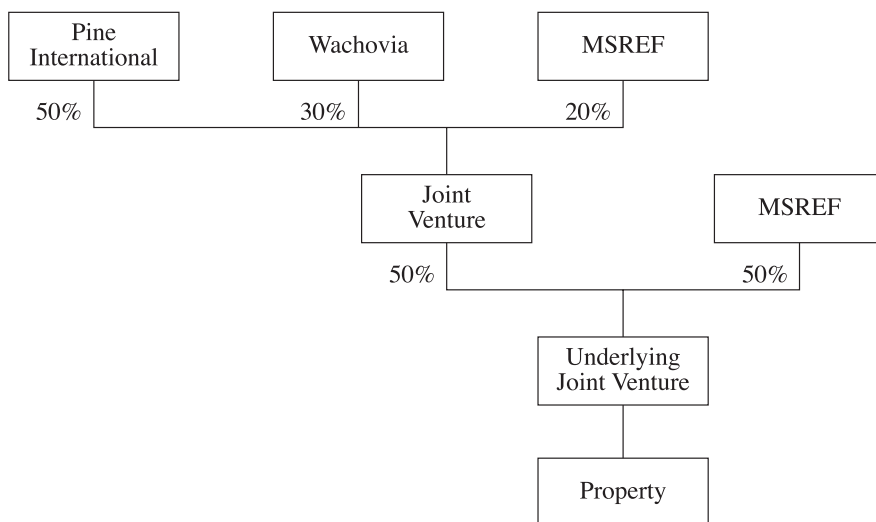
The Underlying Joint Venture will be treated as an associated company of the Joint Venture and its financial results will be equity accounted for in the Joint Venture's financial statements. The Joint Venture will itself be accounted for as an associated company of the Group and its financial results will be equity accounted for in the Group's financial statements. The Underlying Joint Venture will not be an associated company of the Group. As the Property is currently vacant and under renovation, its acquisition would have no material effect on the earnings of the Group.

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## LETTER FROM THE BOARD

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The shareholding structure of the Joint Venture and the Underlying Joint Venture as at the date of this circular 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

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## LETTER FROM THE BOARD

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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 the announcement possibly constitutes a breach of Rules 13.14, 13.15 and 14.34 of the Listing Rules.

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).

### 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 <sup>1</sup>	123,148,701 <sup>3</sup>	139,083,065	18.08
Kenneth Gaw	1,805,527	8,453,375 <sup>2</sup>	27,537,243 <sup>4</sup>	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 <sup>1</sup> (L)	123,148,701 <sup>2</sup> (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:

<b>Name of subsidiary</b>	<b>Name of shareholder</b>	<b>%</b>
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 any member of 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 directly or indirectly with the business of the Group.

**7. 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.