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Pioneer
PIONEER GLOBAL GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code : 00224)

MAJOR TRANSACTION
FORMATION OF A JOINT VENTURE

On 13 May 2004, Pioneer-SPV, a wholly owned subsidiary of the Company, entered into an agreement with Morgan Stanley-SPV and Pamfleet-SPV to participate in a joint venture by becoming shareholders of MSR Co. by subscribing new shares. The Group acquired 5% equity interest in MSR Co.. The considerations paid by the Group comprised share capital of nominal values and shareholder loan of HK\$39 million. The Group also committed an additional HK\$6 million shareholder loan to MSR Co. on a needed basis. The objective of MSR Co. is to act as a holding company for the Properties.

Morgan Stanley-SPV and Pamfleet-SPV and their respective ultimate beneficial owners are independent parties, who are not connected persons of the Company and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules).

The Agreement constitutes a major transaction of the Company under the Listing Rules. 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.

At the request of the Company, trading of shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 14 May 2004 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the shares of the Company with effect from 9:30 a.m. on 27 May 2004.

THE AGREEMENT DATED 13 MAY 2004

Parties

- a. Pioneer-SPV, a wholly owned subsidiary of the Company.
- b. Morgan Stanley-SPV, a company incorporated in the Cayman Islands. It is wholly owned by Morgan Stanley Real Estate Funds which are Morgan Stanley sponsored equity funds.
- c. Pamfleet-SPV, a company incorporated in the British Virgin Islands, is an investment holding company.

On 13 May 2004, Pioneer-SPV, Morgan Stanley-SPV and Pamfleet-SPV entered into an agreement to own interests of 5%, 90% and 5% respectively of MSR Co. by way of subscription of new shares.

Morgan Stanley-SPV and Pamfleet-SPV and their respective ultimate beneficial owners are independent third parties not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules).

The Agreement was conditional upon the completion of the transaction by MSR Co. to acquire Paliburg Plaza and Kowloon City Plaza on or before 31 May 2004.

Completion

On 13 May 2004, the Parties became shareholders of MSR Co. by subscription of new shares. The shareholding of MSR Co. held by Pioneer-SPV is 5% upon completion.

Joint Venture and its business

MSR Co. is a company incorporated by Morgan Stanley Real Estate Funds with limited liability on 6 May 2004 in the Cayman Islands. On 14 May 2004, MSR Co. completed a transaction to purchase Paliburg Plaza and Kowloon City Plaza in Hong Kong. The vendor of the Properties is independent and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules).

The objective of MSR Co. is to act as a holding company for the Properties, which are intended to be held as long-term investments. Professional asset and property management companies, which are independent and not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules), have been engaged on 14 May 2004 by MSR Co. to supervise and operate the rental business of the Properties.

Paliburg Plaza is a 24-floor, 217,625 square feet office tower with a retail podium located at 68 Yee Wo Street, Causeway Bay, Hong Kong. It is adjacent to the Regal Hotel. Occupancy rate is over 90%.

Kowloon City Plaza is a 640,000 square feet shopping center, located at 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong. It comprises three basement floors, six upper floors and two floors of car-parking. Occupancy rate is over 75%.

MSR Co. has neither intention nor commitment of future purchases of properties.

Board representation

The board of MSR Co. will consist of 5 directors. Pioneer-SPV is entitled to appoint one director to the board of MSR Co..

Consideration and commitment by Pioneer-SPV

Pursuant to the terms of the Agreement, the capital of MSR Co. is principally funded by shareholder loans in accordance with their respective shareholding. The considerations paid in cash by the Group comprised share capital of nominal values of US\$10 and shareholder loan of HK\$39 million at book value on 13 May 2004. Pro-rata capital contribution and shareholder loans were also made by Morgan Stanley-SPV and Pamfleet-SPV respectively. All shareholder loans are unsecured bearing no interest and shall be repaid on or before May 2011. The Group also committed an additional HK\$6 million shareholder loan (unsecured bearing no interest and shall be repaid on or before May 2011) to MSR Co. on a needed basis.

Pioneer-SPV's shares in MSR Co. are not permitted to be transferred within the first 24 months from the date of the Agreement. Thereafter, transfer is allowed subject to certain right of first refusal, tag along and drag along provisions.

REASON FOR INVESTMENT IN MSR CO.

The principal business activities of the Group consist of property investment and management, investment in securities and information services provision. Paliburg Plaza is a prime office building located in the heart of Causeway Bay on Yee Wo Street, adjacent to the Regal Hotel. Kowloon City Plaza has the potential to become an exciting retail, food & beverages and entertainment destination in the region of Kowloon City. The Directors consider that the investment, the terms of which had been negotiated on an arm's length basis, is fair and reasonable and is in the best interest of the Company and the Shareholders as a whole. The Group's investment in MSR Co. shall be accounted for as a long term investment security in the books.

MAJOR TRANSACTION AND APPROVAL BY SHAREHOLDERS

The Agreement constitutes a major transaction of the Company under Rule 14.06(3) of the Listing Rules and must be made conditional on shareholders' approval. Pursuant to Rule 14.44(2), a written shareholders' approval will be obtained 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 such shareholders and their respective associates have no interest in the Agreement and the transaction. The Company confirms that the closely allied group of shareholders or their ultimate beneficial owners and their respective associates are aware that they must not deal in the Company's securities before information relating to this transaction is made available to the public. No shareholder or his associates have any interest in the transaction. No shareholder shall be required to abstain from voting if the Company were to convene a general meeting for the approval of the transaction. A shareholders' meeting will therefore not be convened for the purpose of obtaining shareholders' approval. 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.

The Company confirms that to the best of the directors' knowledge, information and belief having made all reasonable enquiry, Morgan Stanley-SPV and Pamfleet-SPV and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company and do not hold any shares in the Company.

INFORMATION

At the request of the Company, trading of shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 14 May 2004 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the shares of the Company with effect from 9:30 a.m. on 27 May 2004.

The Directors of the Company as at the date of this announcement are as follows:

Executive

Rossana WANG GAW, *Chairman*
Goodwin GAW, *Vice Chairman*
Kenneth GAW, *Managing Director*
Jane Kwai Ying TSUI

Independent Non-executive

Dr. Charles Wai Bun CHEUNG, *J.P.*
The Hon Bernard Charnwut CHAN
Arnold Tin Chee IP

DEFINITIONS

“Agreement”	the shareholders’ agreement amongst Pioneer-SPV, Morgan Stanley-SPV and Pamfleet-SPV entered into on 13 May 2004 relating to the affairs of the MSR Co.
“associates”	has the meaning as defined in the Listing Rules
“closely allied group of shareholders”	<p>(1) Forward Investments Inc., wholly owned by The YCK Trust of which Madam Y. C. Koo, the mother of Rossana Wang Gaw, is a beneficiary, owned 174,277,635 shares (23.27%) of the Company;</p> <p>(2) Asset Plus Investments Ltd., wholly owned by Winfred Ho and Elsa Wang Ho, the brother-in-law and sister of Rossana Wang Gaw, owned 68,076,076 shares (9.09%) of the Company;</p> <p>(3) Intercontinental Enterprises Corporation, wholly owned by family trust, of which Rossana Wang Gaw is a beneficiary, owned 123,148,701 shares (16.44%) of the Company;</p> <p>(4) Vitality Holdings Limited, wholly owned by Rossana Wang Gaw, owned 15,309,732 shares (2.04%) of the Company;</p> <p>(5) Rising Crescent Enterprises Limited, wholly owned by The RGK Trust, of which Kenneth Gaw (the son of Rossana Wang Gaw) is a beneficiary, owned 26,457,774 shares (3.53%) of the Company;</p> <p>(6) Fortune South China Limited, wholly owned by Kenneth Gaw, owned 8,122,000 shares (1.08%) of the Company; and</p> <p>(7) Kenneth Gaw owns 1,734,750 shares (0.23%) of the Company</p>
“Company”	Pioneer Global Group Limited, a company incorporated in Bermuda with limited liability the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Kowloon City Plaza”	the land and property known as Kowloon City Plaza, 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong and erected on New Kowloon Inland Lot No.6056
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Morgan Stanley”	Morgan Stanley, a global financial services firm with its shares listed on the New York Stock Exchange

“Morgan Stanley-SPV”	MSR Grand Slam Project Holdings Ltd., a company incorporated in the Cayman Islands, which is an independent third party not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules)
“MSR Co.”	MSR Grand Slam Project Ltd, a company incorporated with limited liability on 6 May 2004 in the Cayman Islands
“Paliburg Plaza”	the land and property known as Paliburg Plaza, 68 Yee Wo Street, Causeway Bay, Hong Kong and erected on Section K of Inland Lot No. 1408
“Pamfleet-SPV”	Pamfleet Investments Limited, a company incorporated in the British Virgin Islands, which is an independent third party not connected with any directors, chief executive or substantial shareholders of the Company or its subsidiaries or their respective associates (as defined in the Listing Rules)
“Pioneer-SPV”	Wealth Instrument Inc., a company incorporated in the British Virgin Islands with limited liability which is a wholly owned subsidiary of the Company
“Properties”	Paliburg Plaza and Kowloon City Plaza
“Shareholders”	holders of shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the meaning as defined in the Listing Rules

By Order of the Board
Kenneth Gaw
Managing Director

Hong Kong, 25 May 2004

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