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Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF 2019 LEASE AGREEMENTS**

Reference is made to the announcements of the Company (i) dated 8 May 2019 in relation to the 2019 Lease Agreements, pursuant to which Treasure Spot, a 60% owned subsidiary of the Company, agreed to lease the First Property and the Second Property to GCAL and GCAM, respectively, for a term of three years from 1 July 2019 to 30 June 2022 and (ii) dated 14 January 2021 in relation to the 2021 Lease Agreement, pursuant to which Treasure Spot agreed to lease the Third Property to GCAM, for a term of 3 years from 1 March 2021 to 29 February 2024.

As the 2019 Lease Agreements will expire on 30 June 2022, Treasure Spot entered into the New Lease Agreements with GCAL and GCAM on 20 May 2022 to renew the 2019 Lease Agreements for a new term of 3 years from 1 July 2022 to 30 June 2025.

As the transactions contemplated under the New Lease Agreements and the 2021 Lease Agreement are of similar nature and both of them will be carried out on a continuing basis over a period of time, they are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As at the date of this announcement, the ultimate beneficial owners of GCAL and GCAM include Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw, who are executive Directors, and are therefore connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules, and the transactions contemplated under the New Lease Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the maximum amount of the Annual Caps for the transactions contemplated under the New Lease Agreements and the 2021 Lease Agreement are more than 0.1% but less than 5%, the transactions are subject to the reporting, annual review and announcement requirements but are exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcements of the Company (i) dated 8 May 2019 in relation to the 2019 Lease Agreements, pursuant to which Treasure Spot, a 60% owned subsidiary of the Company, agreed to lease the First Property and the Second Property to GCAL and GCAM, respectively, for a term of three years from 1 July 2019 to 30 June 2022 and (ii) dated 14 January 2021 in relation to the 2021 Lease Agreement, pursuant to which Treasure Spot agreed to lease the Third Property to GCAM, for a term of 3 years from 1 March 2021 to 29 February 2024.

As the 2019 Lease Agreements will expire on 30 June 2022, Treasure Spot entered into the New Lease Agreements with GCAL and GCAM on 20 May 2022 to renew the 2019 Lease Agreements for a new term of 3 years from 1 July 2022 to 30 June 2025.

THE NEW LEASE AGREEMENTS

Major terms of the New Lease Agreements are as follows:

	Lease agreement with GCAL	Lease agreement with GCAM
Date	: 20 May 2022	20 May 2022
Landlord	: Treasure Spot	Treasure Spot
Tenant	: GCAL	GCAM
Location of the property	: Partial of 18th and 19th Floors, 68 Yee Wo Street, Causeway Bay, Hong Kong with total leasing area of 16,912 square feet	Unit 1001, 10th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong with total leasing area of 3,793 square feet
Usage	: Office premises	Office premises
Lease Terms	: 1 July 2022 to 30 June 2025	1 July 2022 to 30 June 2025
Security Deposits	: Equivalent to 3-months monthly rental and service fee	Equivalent to 3-months monthly rental and service fee
Monthly rental	: HK\$676,480 per calendar month, excluding rates, government rent and service fee	HK\$132,755 per calendar month, excluding rates, government rent and service fee

Monthly service fee (payable to third party management company)	: HK\$108,237 per calendar month	HK\$24,275 per calendar month
Rent-free period	: 5 months which has been agreed to be July 2022 to November 2022	5 months which has been agreed to be July 2022 to November 2022
Major terms and conditions	: The First Property shall be handed over to GCAL in “bare-shell” condition with air-conditioning system. Upon the tenancy expiration, GCAL shall return the First Property to Treasure Spot and remove its own trade and other fixtures subject to making good all damage including damage to the decoration caused by such removal and shall if required by Treasure Spot at GCAL’s own cost and expense remove all fittings, fixtures, alterations or additions in or to the First Property to a “bare-shell” condition.	The Second Property shall be handed over to GCAM in “bare-shell” condition with air-conditioning system. Upon the tenancy expiration, GCAM shall return the Second Property to Treasure Spot and remove its own trade and other fixtures subject to making good all damage including damage to the decoration caused by such removal and shall if required by Treasure Spot at GCAM’s own cost and expense remove all fittings, fixtures, alterations or additions in or to the Second Property to a “bare-shell” condition.

ANNUAL CAPS

Historical figures

The following table sets out the historical figures in connection with the leasing of the First Property, the Second Property and the Third Property to GCAL and GCAM:

	For the financial year ended 31 March		
	2020	2021	2022
			(unaudited)
			<i>(HK\$)</i>
Aggregate rental amounts received by the Group from GCAL and GCAM	11,232,656	11,538,140	12,841,032

Annual Caps

The following table sets out the Annual Caps based on the rent paid and/or payable by GCAL and GCAM under the New Lease Agreements, 2019 Lease Agreements and 2021 Lease Agreement:

	For the financial year ending 31 March			
	2023	2024	2025	2026
	<i>(HK\$)</i>			
2019 Lease Agreements and New Lease Agreements	6,127,428	9,710,820	9,710,820	2,427,705
2021 Lease Agreement	<u>1,279,080</u>	<u>1,406,988</u>	<u>–</u>	<u>–</u>
Total	<u><u>7,406,508</u></u>	<u><u>11,117,808</u></u>	<u><u>9,710,820</u></u>	<u><u>2,427,705</u></u>

The Annual Caps have been determined after considering the terms of the New Lease Agreements, the historical figures of the actual amounts paid, the market conditions and the monthly rental amounts of the leases entered by third party tenants occupying other floors of the same building as the First Property and Second Property.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW LEASE AGREEMENTS

The Group holds the First Property and the Second Property as long term investment for rental income and capital appreciation. The rental amounts for the New Lease Agreements were determined by the parties (including the other 40% independent shareholder of Treasure Spot) to the agreements on arm's length basis. The terms of the New Lease Agreements are determined based on market conditions and are comparable to the leases entered into by third party tenants occupying other floors of the same building as the First Property and the Second Property. The Directors consider that the New Lease Agreements could provide the Company with stable rental income without the need to search for new tenants.

The Directors (including the independent non-executive Directors) are of the view that:

- (i) the terms of the New Lease Agreements are fair and reasonable;
- (ii) the Annual Caps are fair and reasonable; and
- (iii) the continuing connected transactions contemplated under the New Lease Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE COMPANY, GCAL AND GCAM

The Group is principally engaged in property investment and hotel investment, and other investments. Treasure Spot is principally engaged in property investment.

GCAL and GCAM are both limited companies incorporated in Hong Kong with principal activity of investment advisory and management, of which the ultimate beneficial owners include Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw, who are executive Directors.

IMPLICATION UNDER THE LISTING RULES

As the transactions contemplated under the New Lease Agreements and the 2021 Lease Agreement are of similar nature and both of them will be carried out on a continuing basis over a period of time, they are required to be aggregated pursuant to Rules 14A.81 to 14A.83 of the Listing Rules.

As at the date of this announcement, the ultimate beneficial owners of GCAL and GCAM include Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw, who are executive Directors, and are therefore connected persons of the Company pursuant to Rule 14A.07 of the Listing Rules, and the transactions contemplated under the New Lease Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the maximum amount of the Annual Caps for the transactions contemplated under the New Lease Agreements and the 2021 Lease Agreement are more than 0.1% but less than 5%, the transactions are subject to the reporting, annual review and announcement requirements but are exempted from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw, who are the executive Directors, are regarded as connected persons having interests in the New Lease Agreements, and they have abstained from voting on the resolutions approving the New Lease Agreements at a Board meeting. All other Directors, including the independent non-executive Directors, have reviewed and approved the resolutions related to the New Lease Agreements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“2019 Lease Agreements”	(i) a lease agreement dated 8 May 2019 entered into between Treasure Spot as landlord and GCAL as tenant in respect of the leasing of the First Property and (ii) a lease agreement dated 8 May 2019 entered into between Treasure Spot as landlord and GCAM as tenant in respect of the leasing of the Second Property
“2021 Lease Agreement”	a lease agreement dated 14 January 2021 entered into between Treasure Spot as landlord and GCAM as tenant in respect of the leasing of the Third Property
“Annual Caps”	the annual caps for the continuing connected transactions contemplated under the New Lease Agreements, 2019 Lease Agreements and 2021 Lease Agreement
“Board”	the board of Directors
“Company”	Pioneer Global Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“First Property”	Partial of 18th and 19th Floors, 68 Yee Wo Street, Causeway Bay, Hong Kong
“GCAL”	Gaw Capital Advisors Limited, a company incorporated in Hong Kong with limited liability, which is ultimately owned as to 95% by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw
“GCAM”	Gaw Capital Asset Management (HK) Ltd, a company incorporated in Hong Kong with limited liability, which is ultimately owned as to 95% by Mr. Goodwin Gaw, Mr. Kenneth Gaw and Ms. Christina Gaw
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Lease Agreements”	(i) a lease agreement dated 20 May 2022 entered into between Treasure Spot as landlord and GCAL as tenant in respect of the leasing of the First Property, and (ii) a lease agreement dated 20 May 2022 entered into between Treasure Spot as landlord and GCAM as tenant in respect of the leasing of the Second Property
“Second Property”	Unit 1001, 10th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong
“Shareholder(s)”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Property”	Unit 1505, 15th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong
“Treasure Spot”	Treasure Spot Investments Limited, a company incorporated in the British Virgin Islands with limited liability, of which 60% is ultimately owned by the Company and 40% is owned by an independent shareholder

By Order of the Board
Pioneer Global Group Limited
Kenneth Gaw
Managing Director

Hong Kong, 20 May 2022

As at the date of this announcement, the executive Directors are Mrs. Rossana Wang Gaw, Mr. Goodwin Gaw, Mr. Kenneth Gaw, Ms. Christina Gaw and Mr. Alan Kam Hung Lee. The independent non-executive Directors are Dr. Charles Wai Bun Cheung, J.P., Mr. Stephen Tan and Mr. Arnold Tin Chee Ip.