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Pioneer

PIONEER GLOBAL GROUP LIMITED

建生國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF 2021 LEASE AGREEMENT**

Reference is made to the announcements of the Company (i) dated 14 January 2021 in relation to the 2021 Lease Agreement, pursuant to which Treasure Spot, a 60% owned subsidiary of the Company, agreed to lease the Third Property to GCAM, for a term of three years from 1 March 2021 to 29 February 2024 and (ii) dated 20 May 2022 in relation to the 2022 Lease Agreements, pursuant to which Treasure Spot agreed to lease the First Property and the Second Property to GCAL and GCAM, respectively, for a term of three years from 1 July 2022 to 30 June 2025.

As the 2021 Lease Agreement will expire on 29 February 2024, Treasure Spot entered into the 2024 Lease Agreement with GCAM on 27 February 2024 to renew the 2021 Lease Agreement, for a new term of three years from 1 March 2024 to 28 February 2027.

As the transactions contemplated under the 2021 Lease Agreement, 2022 Lease Agreements and 2024 Lease Agreement are of similar nature and they 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 2024 Lease Agreement 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 2021 Lease Agreement, 2022 Lease Agreements and 2024 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 14 January 2021 in relation to the 2021 Lease Agreement, pursuant to which Treasure Spot, a 60% owned subsidiary of the Company, agreed to lease the Third Property to GCAM, for a term of three years from 1 March 2021 to 29 February 2024 and (ii) dated 20 May 2022 in relation to the 2022 Lease Agreements, pursuant to which Treasure Spot agreed to lease the First Property and the Second Property to GCAL and GCAM, respectively, for a term of three years from 1 July 2022 to 30 June 2025.

As the 2021 Lease Agreement will expire on 29 February 2024, Treasure Spot entered into the 2024 Lease Agreement with GCAM on 27 February 2024 to renew the 2021 Lease Agreement, for a new term of three years from 1 March 2024 to 28 February 2027.

THE 2024 LEASE AGREEMENT

Major terms of the 2024 Lease Agreement are as follows:

Date	:	27 February 2024
Landlord	:	Treasure Spot
Tenant	:	GCAM
Location of the property	:	Unit 1505, 15th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong with total leasing area of 3,366 square feet
Usage	:	Office premises
Lease Terms	:	1 March 2024 to 28 February 2027
Security Deposits	:	HK\$434,214, equivalent to 3-months monthly rental and service fee

Rental per calendar month (excluding rates, government rent and service fee)	:	1 March 2024 to 28 February 2025: HK\$114,444 1 March 2025 to 28 February 2026: HK\$117,810 1 March 2026 to 28 February 2027: HK\$121,176
Monthly service fee (payable to third party management company)	:	HK\$23,562 per calendar month
Rent-free period	:	7.5 months which has been agreed to be March 2024, April 2024, May 2024, June 2024, March 2025, 1-15 April 2025, May 2025 and March 2026
Major terms and conditions	:	The Third Property had been handed over to GCAM in “bare-shell” condition with air-conditioning system. Upon the tenancy expiration, GCAM shall return the Third 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 Third 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		
	2021	2022	2023
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Aggregate rental amounts received by the Group from GCAL and GCAM	11,538,140	12,841,032	7,406,508

Annual Caps

The following table sets out the Annual Caps based on the rent paid and/or payable by GCAL and GCAM under the 2021 Lease Agreement, 2022 Lease Agreements and 2024 Lease Agreement:

	For the financial year ending 31 March			
	2024	2025	2026	2027
	HK\$	HK\$	HK\$	HK\$
2021 Lease Agreement and 2024 Lease Agreement	1,406,988	915,552	1,119,195	1,332,936
2022 Lease Agreements	<u>9,710,820</u>	<u>9,710,820</u>	<u>2,427,705</u>	<u>–</u>
Total	<u>11,117,808</u>	<u>10,626,372</u>	<u>3,546,900</u>	<u>1,332,936</u>

The Annual Caps have been determined after considering the terms of the 2024 Lease Agreement, 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 Third Property.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 LEASE AGREEMENT

The Group holds the Third Property as long term investment for rental income and capital appreciation. The rental amounts for the 2024 Lease Agreement 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 2024 Lease Agreement 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 Third Property. The Directors consider that the 2024 Lease Agreement 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 2024 Lease Agreement are fair and reasonable;
- (ii) the Annual Caps are fair and reasonable; and
- (iii) the continuing connected transactions contemplated under the 2024 Lease Agreement 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 2021 Lease Agreement, 2022 Lease Agreements and 2024 Lease Agreement are of similar nature and they 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 2024 Lease Agreement 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 2021 Lease Agreement, 2022 Lease Agreements and 2024 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 2024 Lease Agreement, and they have abstained from voting on the resolutions approving the 2024 Lease Agreement at a Board meeting. All other Directors, including the independent non-executive Directors, have reviewed and approved the resolutions related to the 2024 Lease Agreement.

DEFINITIONS

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

“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
“2022 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
“2024 Lease Agreement”	a lease agreement dated 27 February 2024 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 2021 Lease Agreement, 2022 Lease Agreements and 2024 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) 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

“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
“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, 27 February 2024

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, Mr. Arnold Tin Chee Ip and Mr. Kin Chan.

* *For identification purpose only*