

## **Connected Transaction: Appointment of a connected person as a foundation contractor**

22 Dec 1999

The directors of Great Eagle Holdings Limited (the "Company") announce that its wholly-owned subsidiary, Renaissance City Development Company Limited (the "Developer"), has appointed Sun Fook Kong Holdings Limited (the "Contractor") to carry out basement perimeter wall and bored pile foundation works for Site B of the Mongkok Project described below for a consideration of approximately HK\$139.61 million.

Agreement: Dated 21 December 1999

Parties:

Developer Renaissance City Development Company Limited, a wholly-owned subsidiary of the Company

Contractor Sun Fook Kong Holdings Limited

Services Acquired: Basement perimeter wall and bored pile foundation works for Site B (the "Works") of the Mongkok Project

Consideration: Approximately HK\$139.61 million payable in cash

Mongkok Project: The Mongkok Project is a composite development project in Mongkok undertaken by the Company in joint venture with Land Development Corporation as part of an urban renewal scheme. The Mongkok Project involves developments over 2 distinctive sites, Site A and Site B, to be linked up by a vehicular tunnel and pedestrian footbridges. Site B is the smaller site bounded by Shanghai Street and Reclamation Street. The Works are expected to be completed before the end of 2000. The contract for similar works for Site A has been awarded to an independent third party following a competitive tendering process.

Contractor: The Contractor is the holding company of a group of companies engaged in the business of building and civil engineering construction, building maintenance and construction management services. In August 1999, the Developer appointed the Contractor to carry out certain parts of the foundation works for the Mongkok Project which comprises two portions, the first of which involves certain drilling, site investigation and preparatory works and the second of which involves site co-ordination, certain excavation and erection of temporary supports for a total consideration of HK\$166 million (the "Prior Contract Sum").

Connected Transaction: As at 17 December 1999, certain members of the family of Mr. Lo Ying Shek, the Chairman of the Company, and their related trusts and companies (the "LYS Group") are interested in shares representing in aggregate approximately 60.93% of the issued shares of the Company. The Contractor is owned as to approximately 96.15% by and controlled by certain members of the LYS Group. In view of the interest of the LYS Group in the agreement, the transactions contemplated by the agreement constitute connected transactions for the Company (the "Connected Transaction") under the Listing Rules.

The appointment of the Contractor was made following a competitive tendering process and based upon the assessment and recommendation of the quantity surveyor and the structural engineer of the Mongkok Project, both of them being independent of the LYS Group. The decision to appoint the Contractor to carry out the Works was made having regard to its competitive pricing and contract period and its prior involvement in the Mongkok Project. The directors of the Company (including the independent non-executive directors) consider that the Connected Transaction has been entered into on normal commercial terms, the contract sum is fair and reasonable and the Agreement is in the best interests of the Company.

The contract sum for the Works of approximately HK\$139.61 million represents approximately 0.97% of the audited consolidated net tangible asset value of the Company as at 31 December 1998. The aggregate of the contract sum for the Works and the Prior Contract Sum, amounting to approximately HK\$305.61 million, represents approximately 2.13% of the said audited consolidated net tangible asset value of the Company.

Accordingly, the Connected Transaction does not require any approval of the independent shareholders of the Company, but details of the Connected Transaction will be included in the Company's next published annual reports and accounts until the Works are completed.

The principal activity of the Company and its subsidiaries are property development, property investment, hotel and restaurant operations, trading of building materials and provision of property management and maintenance services.

By Order of the Board

Great Eagle Holdings Limited

TSANG Yiu Wing, Peter

Secretary

Hong Kong, 21 December 1999