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Great Eagle
Holdings Limited
鷹君集團有限公司

Incorporated in Bermuda with limited liability
於百慕達註冊成立之有限公司

(Stock Code: 41)

CONTINUING CONNECTED TRANSACTIONS
(1) REVISION OF ANNUAL CAP AMOUNT
AND
(2) ENTERING INTO THE RENEWED TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 30 March 2010 regarding the 2010 Master Tenancy Agreement pursuant to which, it was stated, inter alia, that the annual cap for the amount receivable by the Group from SFK Management in relation to the Premises for the 12 months ending 31 March 2013 was set at HK\$5,277,000. The Directors expect that the said annual cap will not be sufficient and therefore propose that the existing annual cap for the 12 months ending 31 March 2013 be revised to HK\$5,440,000 with terms and conditions of the 2010 Master Tenancy Agreement remain unchanged and effective.

The 2010 Master Tenancy Agreement will expire on 31 March 2013. In view of this, on 20 December 2012, Moon Yik, as landlord, and SFK Management as tenant, entered into the Renewed Tenancy Agreement in respect of the Premises.

Mr. Lo Kai Shui, the Deputy Managing Director of the Company, is the ultimate controlling shareholder of the SFK Management and controls the exercise of more than 70% voting power in SFK Management. Accordingly, SFK Management is a connected person of the Company and the transactions contemplated under the Renewed Tenancy Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules calculated with reference to the Renewed Annual Caps for the Renewed Tenancy Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Renewed Tenancy Agreement are only subject to the reporting, announcement and annual review requirements and exempt from the independent Shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

REVISION OF THE ANNUAL CAP AMOUNT FOR THE 12 MONTHS ENDING 31 MARCH 2013

As set out in the 2010 Announcement, the annual cap for the annual transaction amount receivable by the Group from SFK Management under the 2010 Master Tenancy Agreement for the three years ended/ending 31 March 2013 were HK\$5,057,000, HK\$5,234,000 and HK\$5,277,000. The Directors expect that the annual cap for the year ending 31 March 2013 will not be sufficient and therefore propose that the existing annual cap for the 12 months ending 31 March 2013 be revised to HK\$5,440,000 with terms and conditions of the 2010 Master Tenancy Agreement remain unchanged and effective. The actual transaction amount for the two years ended 31 March 2012 and the six months ended 30 September 2012 were HK\$4,100,000, HK\$5,208,000 and HK\$2,640,000 respectively.

Reasons for the revision of the annual cap

While the existing annual cap for the year ending 31 March 2013 has not been exceeded as at the date of this announcement, the Directors expect that due to the increases in air-conditioning charge, service charge and other outgoings, the aggregate amount receivable by the Group from SFK Management will exceed the cap amount for the year ending 31 March 2013 as disclosed in the 2010 Announcement. The Revised Annual Cap of HK\$5,440,000 represents an estimate of the aggregate amount of rentals, air-condition charges, service charges and other outgoings receivable from SFK Management. All terms and conditions of the 2010 Master Tenancy Agreement shall remain unchanged and effective. Base on the above, the Board (including the independent non-executive directors) considers that the Revised Annual Cap of HK\$5,440,000 for the 12 months ending 31 March 2013 is fair and reasonable, and is in the interests of the Group and the Shareholders as a whole.

Listing Rules implications

As the Revised Annual Cap exceeds the existing annual cap of the transaction amount for the 12 months ending 31 March 2013, the Company is required to re-comply with Rule 14A.35(3) of the Listing Rules. As one of the applicable percentage ratios of the Revised Annual Cap is more than 0.1% but less than 5%, the transaction amount for the 12 months ending on 31 March 2013 contemplated under the 2010 Master Tenancy Agreement is only subject to the reporting, announcement and annual review requirements under the Listing Rules and exempt from the independent Shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

RENEWAL OF MASTER TENANCY AGREEMENT

The 2010 Master Tenancy Agreement will expire on 31 March 2013. In view of this, on 20 December 2012, Moon Yik as landlord, and SFK Management as tenant, entered into the Renewed Tenancy Agreement in respect of Suites 3201-2 and 3206-10 on 32nd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. Details of the Renewed Tenancy Agreement are as follows:

- Date : 20 December 2012
- Parties : (1) Moon Yik as the landlord. Moon Yik is an indirect wholly-owned subsidiary of the Company and the owner of the Premises
- (2) SFK Management as the tenant

Premises	:	Suites 3201-2 and 3206-10, 32nd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong
Term	:	Three (3) years commencing from 1 April 2013 and expiring on 31 March 2016 (both days inclusive)
Rental	:	HK\$569,400.00 per month, exclusive of government rates and other outgoings
Air-conditioning Charge	:	HK\$30,747.60 per month as set out in the Renewed Tenancy Agreement (subject to adjustment)
Service Charge	:	HK\$43,179.50 per month as set out in the Renewed Tenancy Agreement (subject to adjustment)

Notice has been given to SFK Management that the air-conditioning charge and service charge of the Premises will increase by approximately 9% with effect from 1 January 2013.

Annual Caps

The Directors estimate that the maximum aggregate annual amount receivable by the Group from SFK Management which represents an estimate of the amount receivable determined on the basis of the rental, air-conditioning and service charge, possible further adjustment in the air conditioning charge and service charge and other outgoing related to the services or facilities provided to SFK Management during the three years ending 31 March 2016 are as follows:

Annual Cap for the year <u>ending 31 March 2014</u>	Annual Cap for the year <u>ending 31 March 2015</u>	Annual Cap for the year <u>ending 31 March 2016</u>
HK\$8,776,000	HK\$8,945,000	HK\$9,139,000

Pursuant to the Renewed Tenancy Agreement, SFK Management will pay to Moon Yik HK\$406,616, being the balance rental deposit payable in respect of the tenancies in relation to the Premises after taking into account the rental deposits already paid to Moon Yik under the 2010 Master Tenancy Agreement which will be carried over to the Renewed Tenancy Agreement.

Reasons for and Benefits of the Renewed Tenancy Agreement

The principal activities of the Group includes, among other things, property investment and property management. The letting of the Premises to SFK Management is in line with the Group's property investment operations and the Renewed Tenancy Agreement was entered into in the ordinary and usual course of business of the Group and were negotiated on an arm's length basis with reference to the advice of an independent property valuer advising on the lettings under the Renewed Tenancy Agreement. The valuer had carried out necessary research and enquiries and advised that the rental for letting the Premises is at current market level and the terms are considered as fair and reasonable. The Directors (including the independent non-executive Directors) consider that the terms of the Renewed Tenancy Agreement are fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

Listing Rules implications

Mr. Lo Kai Shui, the Deputy Managing Director of the Company, is the ultimate controlling shareholder of the SFK Management and controls the exercise of more than 70% voting power in SFK Management through his controlled companies. Accordingly, SFK Management is a connected person of the Company and the transactions contemplated under the Renewed Tenancy Agreement constitute continuing connected transactions of the Company under the Listing Rules. Save for the interest of Mr. Lo Kai Shui as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Renewed Tenancy Agreement. Mr. Lo Kai Shui has abstained from approving the Renewed Tenancy Agreement as detailed in this announcement.

As one of the applicable percentage ratios of the Annual Cap is more than 0.1% but less than 5%, the transactions contemplated under the Renewed Tenancy Agreement are only subject to the reporting, announcement and annual review requirements under the Listing Rules and exempt from the independent Shareholders' approval requirement under Rule 14A.34 of the Listing Rules. Particulars of the Renewed Tenancy Agreement and the leasing arrangements thereunder will be disclosed in the annual report and accounts of the Company in accordance with the requirements of the Listing Rules.

GENERAL INFORMATION

The principal activities of the Group include property development and investment, hotel and restaurant operations, manager of real estate investment trust, trading of building materials, share investment, provision of management and maintenance services, property management and fitness centre operation. The Group's investment in office properties extends to the United States of America and its hotel portfolio covers Hong Kong, China, North America, Europe, Australia and New Zealand.

SFK Group is principally engaged in investment holdings. SFK Management is a project management services company which is wholly-owned indirectly by SFK Group.

DEFINITIONS

Unless the context otherwise requires, the capitalised terms used in this announcement shall have the following meanings:

"2010 Announcement"	the announcement dated 30 March 2010 issued by the Company announcing the entering into of the 2010 Master Tenancy Agreement
"2010 Master Tenancy Agreement"	the master tenancy agreement entered into on 30 March 2010 between Moon Yik, as landlord, and SFK Management, as tenant, in relation to the renewal of tenancies of the Premises
"Annual Cap(s)"	has the meaning given to it under the section headed "Annual Caps" in this announcement
"Board"	the board of Directors
"Company"	Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
"Moon Yik"	Moon Yik Company, Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
"Premises"	Suites 3201-2 and 3206-10 on 32nd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong
“Renewed Tenancy Agreement”	the master tenancy agreement entered into on 20 December 2012 between Moon Yik, as landlord, and SFK Management, as tenant, in relation to the renewal of tenancies of the Premises
“Revised Annual Cap”	the annual cap revised to HK\$5,440,000 to replace the existing annual cap of HK\$5,277,000 for the 12 months ending 31 March 2013
"SFK Group"	Sun Fook Kong Group Limited, a company incorporated in the British Virgin Islands with limited liability
"SFK Management"	Sun Fook Kong Construction Management Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of SFK Group
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Great Eagle Holdings Limited
Lo Ka Shui
Chairman and Managing Director

Hong Kong, 20 December 2012

As at the date of this announcement, the Board comprises five Executive Directors, namely Dr. LO Ka Shui (Chairman and Managing Director), Mr. LO Kai Shui (Deputy Managing Director), Mr. LO Hong Sui, Antony, Madam LAW Wai Duen and Mr. KAN Tak Kwong (General Manager); three Non-executive Directors, namely Madam LO TO Lee Kwan, Mr. LO Hong Sui, Vincent and Dr. LO Ying Sui; and four Independent Non-executive Directors, namely Mr. CHENG Hoi Chuen, Vincent, Professor WONG Yue Chim, Richard, Mrs. LEE Pui Ling, Angelina and Mr. ZHU Qi.