

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purpose only and does not constitute an invitation or solicitation of an offer to acquire, purchase or subscribe for an interest in any securities.



鷹君集團有限公司
Great Eagle
Holdings Limited

於百慕達註冊成立之有限公司
Incorporated in Bermuda with limited liability
(Stock Code: 41)

ANNOUNCEMENT

PROPOSED DISCLOSEABLE TRANSACTIONS

COOPERATION AGREEMENTS IN RELATION TO FORMATION OF JOINT VENTURE COMPANIES AND ESTABLISHMENT OF

A U.S. REAL ESTATE FUND AND A CHINA INVESTMENT FUND

The Board is pleased to announce that on 15 April 2014, GE, an indirect wholly owned subsidiary of the Company, has entered into the following Cooperation Agreements with China Orient:

- (i) the U.S. Real Estate Fund Cooperation Agreement, in relation to, among other things, the formation of the US Fund General Partner and the establishment and management of the U.S. Real Estate Fund; and
- (ii) the China Investment Fund Cooperation Agreement, in relation to, among other things, the formation of the China Fund General Partner and the establishment and management of the China Investment Fund.

The Directors estimate that the total capital commitment (in form of cash and injection of the Properties) of the Group in the U.S. Real Estate Fund and the China Investment Fund will be approximately US\$230 million (equivalent to approximately HK\$1,794 million) and US\$110 million (equivalent to approximately HK\$858 million) respectively. As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules, calculated with reference to the total capital commitment of the Group in both the General Partners and the Funds will be more than 5% but less than 25%, the transactions contemplated under the Cooperation Agreements will constitute discloseable transactions of the Company and are only subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The final terms of the constitution documents and definitive agreements in respect of the setting up of the U.S. Real Estate Fund and the China Investment Fund, including the relevant limited partnership agreements, the relevant investment manager joint venture agreement, the relevant asset

contribution agreement and subscription agreement which will be within the framework of the U.S. Real Estate Fund Cooperation Agreement and the China Investment Fund Cooperation Agreement have yet to be finalised. They will be signed on or before the date of First Closing of the U.S. Real Estate Fund and the First Closing of the China Investment Fund. The Company will comply with the applicable Listing Rules as and when necessary when these agreements are signed.

As the transactions contemplated under the Cooperation Agreements are subject to the finalisation and execution of various constitution documents and definitive agreements, and may or may not be proceeded, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 15 April 2014, GE, an indirect wholly owned subsidiary of the Company, has entered into the following Cooperation Agreements with China Orient:

- (i) the U.S. Real Estate Fund Cooperation Agreement, in relation to, among other things, the formation of the US Fund General Partner, and the establishment and management of the U.S. Real Estate Fund; and
- (ii) the China Investment Fund Cooperation Agreement, in relation to, among other things, the formation of the China Fund General Partner and the establishment and management of the China Investment Fund.

U.S. REAL ESTATE FUND COOPERATION AGREEMENT

Date:

15 April 2014

Parties:

China Orient
GE, an indirect wholly owned subsidiary of the Company

To the best of knowledge, information and belief of the Directors, China Orient and its ultimate beneficial owners are third parties independent of the Company and its connected person.

Formation of the US Fund General Partner

The parties agreed to incorporate the US Fund General Partner to act as the general partner of the U.S. Real Estate Fund. The US Fund General Partner shall be owned ultimately as to 80% by GE and 20% by China Orient and is expected to be accounted for as a subsidiary on a consolidated basis in the books of the Company.

Management of the US Fund General Partner

The board responsible for managing the US Fund General Partner shall consist of not more than five members, of which one shall be nominated by China Orient and four shall be nominated by GE.

Establishment of the U.S. Real Estate Fund

Following the establishment of the US Fund General Partner, the parties will establish a limited partnership close-end fund (the “**U.S. Real Estate Fund**”) which will principally be engaged in investing in Grade A office buildings in major cities in the United States and initially the Properties.

Information on the Properties

The commercial and office tower at 353 Sacramento Street and commercial and office building at 123 Mission Street are located in the heart of the financial district in downtown San Francisco and provide a total gross floor area of 725,000 square feet whereas the office building situated at 500 Ygnacio is located in Walnut Creek, San Francisco with a gross floor area of 110,000 square feet. These properties are indirectly wholly-owned by the Company.

The audited net profit before taxation and extraordinary items attributable to each of the Properties situated at 353 Sacramento Street, 123 Mission Street and 500 Ygnacio for the financial year ended 31 December 2012 were approximately US\$12,210,000, Nil and US\$1,492,000 respectively.

The audited net profit before taxation and extraordinary items attributable to the each of the Properties situated at 353 Sacramento Street, 123 Mission Street and 500 Ygnacio for the financial year ended 31 December 2013 were approximately US\$25,102,000, US\$7,728,000 (since acquisition from 21 November 2013 to 31 December 2013) and US\$4,825,000 respectively.

The audited net profit after taxation and extraordinary items attributable to each of the Properties situated at situated at 353 Sacramento Street, 123 Mission Street and 500 Ygnacio for the financial year ended 31 December 2012 were approximately US\$7,322,000, Nil and US\$895,000 respectively.

The audited net profit after taxation and extraordinary items attributable to the each of the Properties situated at situated at 353 Sacramento Street, 123 Mission Street and 500 Ygnacio for the financial year ended 31 December 2013 were approximately US\$15,049,000, US\$4,637,000 (since acquisition from 21 November 2013 to 31 December 2013) and US\$2,895,000 respectively.

The book value of each of the Properties situated at 353 Sacramento Street, 123 Mission Street and 500 Ygnacio as at 31 December 2013 were US\$127,000,000, US\$187,300,000 and US\$31,200,000 respectively.

Capital commitment to and interests in the U.S. Real Estate Fund

The parties have agreed to contribute to the capital of the U.S. Real Estate Fund as follows:

- China Orient : By way of cash in the amount of US\$150,000,000 (equivalent to approximately HK\$1,170,000,000), with an initial commitment of US\$50,000,000 (equivalent to approximately HK\$390,000,000) on First Closing, and the balance in one or more tranches in accordance with the progress of investment of the U.S. Real Estate Fund no later than 2 years after the Final Closing of the U.S. Real Estate Fund.
- GE : By way of transfer of the Group’s interest in the Properties into the U.S. Real Estate Fund on First Closing of the U.S. Real Estate Fund.

The value of GE's contribution into the U.S. Real Estate Fund will be determined based on the net asset value of the holding vehicles of the Properties I determined with reference to the value of the Properties I as valued by independent property valuers as at 31 March 2014 or one month before the First Closing of the U.S. Real Estate Fund, whichever is the later, and in the case of Property II which was only recently acquired by the Group in November 2013 on all-in cost basis. It is expected that the Group will, upon First Closing of the U.S. Real Estate Fund and without taking into account any placement of the U.S. Real Estate Fund to other investors referred to in the section headed "Expansion of the U.S. Real Estate Fund" below, hold not less than 50% interest in the U.S. Real Estate Fund. On the assumption that the value of Properties I will not deviate from their value as at 31 December 2013 which has been taken into account in the preparation of the Group's audited accounts for the year ended 31 December 2013, the Directors do not expect the injection of the Group's interest in the Properties into the U.S. Real Estate Fund to give rise to any material impact on the profits and loss of the Group.

Expansion of the U.S. Real Estate Fund

As the general partner of the U.S. Real Estate Fund, the US Fund General Partner will raise funds by placing interest in the U.S. Real Estate Fund from investors with a view to expand its capital to up to US\$1,000,000,000 (equivalent to approximately HK\$7,800,000,000) (inclusive of contributions to be made by GE and China Orient) by the Final Closing of the U.S. Real Estate Fund. Target investors include large state-owned enterprises, private enterprises and high net worth individuals in Mainland China and ultra high net worth individuals outside Mainland China.

Management of the U.S. Real Estate Fund

The U.S. Real Estate Fund shall be managed by the US Fund General Partner by its asset management and investment advisory team (i) at an annual fund/asset management fee of 1.5% per annum of the total commitment paid by the limited partners of the U.S. Real Estate Fund and an asset disposal management fee of 1% of the selling price of the relevant property disposed of, and (ii) if the distribution from the U.S. Real Estate Fund exceeds an after tax internal rate of return of 8%, a carried interest or promote where any excess distributions from the U.S. Real Estate Fund thereafter will be made in the ratio of 20% to the US Fund General Partner and 80% to all partners (including the US Fund General Partner), based on their respective capital contributions in the U.S. Real Estate Fund.

Co-investment Right

Where the U.S. Real Estate Fund is offered an opportunity to acquire any property which is a target property in which the U.S. Real Estate Fund may invest in, the US Fund General Partner shall inform China Orient of the investment opportunity and offer China Orient the opportunity to participate in not more than 15% interest in such investment opportunity. The Company will comply with the applicable Listing Rules as and when necessary.

CHINA INVESTMENT FUND COOPERATION AGREEMENT

Date:

15 April 2014

Parties:

China Orient

GE

Formation of the China Fund General Partner

The parties agreed to establish the China Fund General Partner to act as the general partner of the China Investment Fund. The China Fund General Partner shall be owned by an intermediary holding company owned as to 80% by China Orient and 20% by GE. Such intermediary holding company shall be appointed as the investment manager of the China Investment Fund to provide investment advisory and management services to the China Investment Fund.

Management of the China Fund General Partner

The board responsible for managing the China Fund General Partner shall consist of not more than five members, of which four shall be nominated by China Orient and one shall be nominated by GE.

Establishment of the China Investment Fund

Following the establishment of the China Fund General Partner, the parties will establish a limited partnership close-end fund (the “**China Investment Fund**”) which will principally be engaged in providing finance to real estate companies operating in Mainland China and property development companies which have a primary listing in Hong Kong.

Capital commitment and interests in the China Investment Fund

The parties have agreed to provide the following capital contribution to the China Investment Fund through an investment vehicle to be established and held as to 60% by China Orient and 40% by GE:

China Orient : By way of cash in the amount of US\$150,000,000 (equivalent to approximately HK\$1,170,000,000), with an initial capital contribution to the China Investment Fund of US\$30,000,000 (equivalent to approximately HK\$234,000,000) on First Closing

GE : By way of cash in the amount of US\$100,000,000 (equivalent to approximately HK\$780,000,000), with an initial capital contributions to the China Investment Fund of US\$20,000,000 (equivalent to approximately HK\$156,000,000) on First Closing

The remaining balances of the capital contribution of China Orient and GE in each case will be made in one or more tranches in accordance with the progress of investment of the China Investment Fund no later than 2 years from the Final Closing of the China Investment Fund.

The capital commitment was determined with reference to the initial business plan devised by China Orient. It is expected that the Group will, upon First Closing of the China Investment Fund and without taking into account any placement of interest in the China Investment Fund to other investors referred to in the section headed “Expansion of the China Investment Fund” below, hold approximately 40% interest in the China Investment Fund.

Profit distribution

Unless terminated by GE at its discretion in accordance with the terms of the relevant agreements, GE shall have a prior right to the distribution of the China Investment Fund provided that the distribution that may be made to GE will be limited to 10% of the annual return of the capital commitment made by GE, and loss suffered by shall be borne first by China Orient.

Expansion of the China Investment Fund

As the general partner of the China Investment Fund, the China Fund General Partner will raise fund by placing investment in the China Investment Fund to investors with a view to expand its capital up to US\$1,000,000,000 (inclusive of contributions made by China Orient and GE) by Final Closing of the China Investment Fund. Target investors include large state-owned enterprises, private enterprises and high net worth individuals in the Mainland China and ultra high net worth individuals outside Mainland China.

Management of the China Investment Fund

The China Investment Fund shall be managed by the China Fund General Partner or its nominee at (i) a fund management fee of 1.5% per annum of the total commitment paid by the limited partners of the China Investment Fund, and (ii) where the distribution of the China Investment Fund exceeds an after tax internal rate of return of 10%, a performance fee where any excess in the distributions from the China Investment Fund thereafter will be made in the ratio of 20% to the China Fund General Partner and 80% to all partners (including the China Fund General Partner) based on their respective capital contributions paid to the China Investment Fund.

CLOSING

First Closing of the U.S. Real Estate Fund and First Closing of the China Investment Fund are both expected to be on or before 31 December 2014 and Final Closing of the U.S. Real Estate Fund and Final Closing of the China Investment Fund are both expected to be on or before 31 December 2015. Establishment of each of the U.S. Real Estate Fund and the China Investment Fund is independent of and unrelated to the other.

FUNDING

The Directors estimate that the total capital commitment (in form of cash and injection of the Properties) of the Group in the U.S. Real Estate Fund and the China Investment Fund will be approximately US\$230 million (equivalent to approximately HK\$1,794 million) and US\$ 110 million (equivalent to approximately HK\$858 million) respectively. The Company intends to finance the cash portion of the capital commitment by its internal financial resources.

REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENTS

As the US economy continues to improve, demand from corporate occupiers has bolstered improvements in rents of some office markets. Although the pickup in demand has been uneven across the US, the Company believes some cities will see solid improvements as the recovery in the US spreads. The strategy of the U.S. Real Estate Fund is to acquire office properties selected cities which the Company believes will benefit from positive demand drivers, and where there is a lack of new supply to underpin improvements in those office markets.

The cooperation with China Orient, a company wholly owned by China Orient Asset Management Corporation, which is one of the four assets management companies approved for establishment by the State Council in China offering a broad range of financial services and products, as well as securities, insurance, investments and other businesses such as credit rating, trust, fund and asset management, will enable the U.S. Real Estate Fund to establish an immediate presence in the PRC market, and allowing the U.S. Real Estate Fund to identify potential target investors.

The China Investment Fund targets financing real estate companies operating in China. Given China Orient's track record in asset management and structured financing, with its prudent financial policy and stringent risk control system, the Group believes its committed investment of US\$100 million in the private equity fund to be launched and managed by China Orient will help to enhance the return on part of our cash holdings.

In light of the above, the Directors believe that the terms of the Cooperation Agreements were determined based on arm's length negotiations between the parties. The Directors are also of the view that terms of the Cooperation Agreements and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules, calculated with reference to the total capital commitment of the Group in both the General Partners and the Funds will be more than 5% but less than 25%, the establishment of the Funds contemplated under the Cooperation Agreements will constitute discloseable transactions of the Company and are only subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The final terms of the constitution documents and definitive agreements in respect of the setting up of the U.S. Real Estate Fund and the China Investment Fund, including the relevant limited partnership agreements, the relevant investment manager joint venture agreement, the relevant asset contribution agreement and subscription agreement which will be within the framework of the U.S. Real Estate Fund Cooperation Agreement and the China Investment Fund Cooperation Agreement have yet to be finalised. They will be signed on or before the date of First Closing of the Funds. The Company will comply with the applicable Listing Rules as and when necessary when these agreements are signed.

As the transactions contemplated under the Cooperation Agreements are subject to the finalisation and execution of various constitution documents and definitive agreements, and may or may not be proceeded, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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 and its hotel portfolio covers Hong Kong, the PRC, North America, Europe, Australia and New Zealand.

The principal activity of China Orient is investment holding. It is a wholly owned subsidiary of China Orient Asset Management Corporation, which is one of the leading asset management companies in the PRC offering a broad range of financial services and products, as well as securities, insurance, investments and other businesses such as credit rating, trust and fund and asset management. China Orient Asset Management Corporation was established in 1999 pursuant to the approval of the State Council and the People's Bank of China.

DEFINITIONS

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

“Board”	the board of Directors
“China Fund General Partner”	a limited liability company to be incorporated pursuant to the terms of the China Investment Fund Cooperation Agreement to act as the general partner of the China Investment Fund
“China Investment Fund”	China Orient Great Eagle (PRC) Real Estate Mezzanine Fund, the fund referred to in the section headed “China Investment Fund Cooperation Agreement – Establishment of the China Investment Fund”
“China Investment Fund Cooperation Agreement”	the cooperation agreement dated 15 April 2014 entered into between GE and China Orient in relation to, among other things, the incorporation of China Fund General Partner and the establishment of the China Investment Fund
“China Orient”	China Orient Asset Management (International) Holding Limited, a company incorporated in Hong Kong with limited liability
“Company”	Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 41)
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Cooperation Agreements”	the China Investment Fund Cooperation Agreement and the U.S. Real Estate Fund Cooperation Agreement
“Directors”	the directors of the Company
“Final Closing of the China Investment Fund” or “Final Closing of the U.S. Real Estate Fund”	a date to be determined by China Orient and GE but in any event no later than 31 December 2015
“First Closing of the China Investment Fund”	a date on which the China Investment Fund shall make its first investment project and where China Orient and GE will together make their first capital contribution into the China Investment Fund, being a date to be determined by China Orient and GE but in any event no later than 31 December 2014
“First Closing of the U.S. Real Estate Fund”	a date on which China Orient and GE will together make their first capital contribution into the U.S. Real Estate Fund, being a date to be determined by China Orient and GE but in any event no later than 31 December 2014

“Funds”	the U.S. Real Estate Fund and the China Investment Fund
“GE”	Great Eagle Group Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of the Company
“General Partners”	the US Fund General Partner and the China Fund General Partner
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan)
“Properties”	Properties I and Property II
“Properties I”	the commercial and office tower situated at 353 Sacramento Street, San Francisco, CA 94111, the United States and 500 Pacific Ygnacio Plaza, the office building situated at 500 Ygnacio, Valley Road, Walnut Creek, San Francisco, CA 94596, the United States
“Property II”	the commercial and office building situated at 123 Mission Street, San Francisco, CA 94105, the United States
“Shares”	ordinary shares of HK\$0.50 each in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States” or “U.S.”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States
“US Fund General Partner”	a limited liability company to be incorporated pursuant to the terms of the U.S. Real Estate Fund Cooperation Agreement to act as the general partner of the U.S. Real Estate Fund
“U.S. Real Estate Fund”	Pacific Eagle (US) Real Estate Fund, the fund referred to in the section headed “U.S. Real Estate Fund Cooperation Agreement – Establishment of the U.S. Real Estate Fund” of this announcement

“U.S. Real Estate Fund Cooperation Agreement” the cooperation agreement dated 15 April 2014 entered into between GE and China Orient in relation to, among other things, the incorporation of the US Fund General Partner and the establishment of the U.S. Real Estate Fund

“%” per cent

For the purpose of illustration only, conversions of US\$ into HK\$ in this announcement are based on the exchange rates of US\$1.00 to HK\$7.80. Such conversions should not be construed as representations that any amounts have been, could have been, or may be, exchanged at these or any other rates.

By Order of the Board
Great Eagle Holdings Limited
LO KA SHUI
Chairman and Managing Director

Hong Kong, 15 April 2014

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.