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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)

CONNECTED TRANSACTION

Reference is made to an announcement of the Company dated 12 November 2001 regarding the Main Contract made between the Developer and the Contractor, pursuant to which the Contractor was engaged by the Developer to carry out the construction works in connection with the superstructure of the Development Project for a contract sum of HK\$3,110 million.

Due to variations to the works required for the Development Project, the final contract sum for the Main Contract has exceeded the original contract sum. Since there were some disputes on certain items for determining the final contract sum, through various meetings in 2008 between Great Eagle (a wholly-owned subsidiary of the Company, which had assumed the outstanding payment obligations of the Developer under the Main Contract under the Deed of Transfer), the Contractor and various project consultants in the presence of a jointly-appointed independent mediator and based on such mediator's subsequent assessment on certain disputed items, Great Eagle and the Contractor reached a consensus and entered into the Supplemental Agreement on 23 February 2009 to conditionally agree upon the final contract sum for the Main Contract at approximately HK\$3,302 million.

Accordingly, the Agreed Sum of approximately HK\$192 million, being the difference between the final contract sum for the Main Contract as agreed under the Supplemental Agreement and the original contract sum under the Main Contract, is payable by Great Eagle to the Contractor under the Supplemental Agreement. It has also been agreed under the Supplemental Agreement that Great Eagle will pay the Accrued Interest.

Mr. Lo Kai Shui, the Deputy Managing Director of the Company, is the ultimate controlling shareholder of the Contractor and controls the exercise of more than 70% voting power in the Contractor through his controlled companies. His related trust (i.e. The Lo Family Trust) also has an interest of more than 20% in the Contractor. Accordingly, the Contractor is a connected person of the Company. As the consideration ratio as defined in the Listing Rules calculated with reference to the Agreed Sum (together with the estimated amount of the Accrued Interest) exceeds 2.5% but is less than 5%, the Supplemental Agreement constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An independent board committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Supplemental Agreement. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing, among other things, further particulars of the Supplemental Agreement together with the recommendations of the independent board committee of the Company, a letter of advice from the independent financial adviser to advise the independent board committee and the Independent Shareholders, and a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

BACKGROUND

Reference is made to an announcement of the Company dated 12 November 2001 regarding the Main Contract made between the Developer and the Contractor, pursuant to which the Contractor was engaged by the Developer to carry out works in connection with the construction of the superstructure of the Development Project for a contract sum of HK\$3,110 million. The Main Contract was approved by the independent shareholders of the Company when the Main Contract was entered into in 2001.

Pursuant to the Deed of Transfer, Great Eagle, a wholly-owned subsidiary of the Company, had assumed the outstanding payment obligations of the Developer under the Main Contract.

SUPPLEMENTAL AGREEMENT

On 23 February 2009, Great Eagle and the Contractor entered into the Supplemental Agreement pursuant to which the Contractor signed the final account for the Main Contract recording its agreement to, among other things, the final contract sum for the Main Contract at approximately HK\$3,302 million, on the condition that Great Eagle shall notify the Contractor as soon as practicable upon the Independent Shareholders' approval is obtained and shall, within 2 working days after such notification, deliver the final account for the Main Contract to the Contractor duly signed and dated by Great Eagle.

Accordingly, the Agreed Sum of approximately HK\$192 million, being the difference between the final contract sum for the Main Contract as agreed under the Supplemental Agreement and the original contract sum under the Main Contract, is payable by Great Eagle to the Contractor pursuant to the Supplemental Agreement. It has also been agreed between the parties that Great Eagle will pay the Accrued Interest.

Payment on the Agreed Sum and any outstanding amount in the original contract sum payable under the Main Contract (together with the Accrued Interest) will be made by Great Eagle to the Contractor within 14 days after the presentation by the Contractor of the final certificate to be issued by the Architect, Wong & Ouyang (HK) Ltd.

The Contractor has engaged sub-contractors (including the Connected NSCs and other independent third parties) to undertake certain works in connection with the Development Project. The final contract sum for the Main Contract includes the final contract sums for all the sub-contracts. The Contractor will, upon receipt of payment of the final contract sum for the Main Contract, pay all the sub-contractors in accordance with the relevant sub-contracts.

In the event that the Independent Shareholders' approval is not obtained within 180 days of the date of the Supplemental Agreement (or such other longer period as the parties may agree), the Supplemental Agreement will become null and void.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Development Project was practically completed on 28 February 2005. However, due to variations to the works required for the Development Project, the final contract sum for the Main Contract has exceeded the original contract sum. The project quantity surveyor appointed by the Developer had been working on the final account for the entire Development Project. Since there were some disputes on certain items for determining the final contract sum, through various meetings in 2008 between Great Eagle, the Contractor and various project consultants in the presence of a jointly-appointed independent mediator and based on such mediator's subsequent assessment on certain disputed items, Great Eagle and the Contractor reached a consensus on the final contract sum for the Main Contract and therefore entered into the Supplemental Agreement on 23 February 2009.

The Board (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the independent financial adviser) considers that the Supplemental Agreement has been entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Lo Kai Shui, the Deputy Managing Director of the Company, is the ultimate controlling shareholder of the Contractor and controls the exercise of more than 70% voting powers in the Contractor through his controlled companies. His related trust (i.e. The Lo Family Trust) also has an interest of more than 20% in the Contractor. Accordingly, the Contractor is a connected person of the Company. As the consideration ratio as defined in the Listing Rules calculated with reference to the Agreed Sum (together with the estimated amount of Accrued Interest) exceeds 2.5% but is less than 5%, the Supplemental Agreement constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of his interests in the Contractor described above and hence in the Supplemental Agreement, Mr. Lo Kai Shui and his associates (including The Lo Family Trust) will abstain from voting at the SGM.

An independent board committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Supplemental Agreement. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing, among other things, further particulars of the Supplemental Agreement together with the recommendations of the independent board committee of the Company, a letter of advice from the independent financial adviser to advise the independent board committee and the Independent Shareholders, and a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

GENERAL

The principal activities of the Group include property and hotel investment, hotel and restaurant operations, management of real estate investment trust, trading of building materials, share investment, provision of management and maintenance services, property management, insurance agency and fitness centre operation. Its investment in office properties extends to the U.S.A. and its hotel portfolio covers Hong Kong, North America, Europe, Australia and New Zealand.

The Contractor's principal activities are investment holding and building construction.

DEFINITIONS

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

"Accrued Interest"	interest on such part of the Agreed Sum and any amount in the original contract sum payable under the Main Contract which remains outstanding as at the date of the Supplemental Agreement that represents the work done by the Contractor and the Connected NSCs accrued as from 1 January 2009 up to the date of payment at the rate of 3% per annum under the Supplemental Agreement;
"Agreed Sum"	approximately HK\$192 million, being the difference between the final contract sum for the Main Contract as agreed under the Supplemental Agreement of approximately HK\$3,302 million and the original contract sum of HK\$3,110 million under the Main Contract;
"associate(s)"	has the meaning ascribed to it in Rule 1.01 of the Listing Rules (as extended by Rule 14A.11(4) of the Listing Rules);
"Board"	the board of directors of the Company;
"Company"	Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on The Stock Exchange of Hong Kong Limited;
"Connected NSCs"	the E&M NSC, the P&D NSC and the Roof NSC;
"Contractor"	Sun Fook Kong Holdings Limited;
"Deed of Transfer"	a deed of transfer made as of 1 February 2008 between the Developer, the Contractor and Great Eagle in relation to the transfer of the Developer's payment obligations under the Main Contract to Great Eagle;
"Developer"	Renaissance City Development Company Limited, formerly a wholly owned subsidiary of the Company;
"Development Project"	composite development project in Mongkok (now known as "Langham Place") comprising an office/retail/hotel complex and associated basement excavation for the retail portion undertaken by the Group in joint venture with Urban Renewal Authority as part of an urban renewal scheme. The retail, carpark and certain office portions of Langham Place were disposed of by the Group on 3 June 2008. Details of the disposal were contained in the shareholders' circular of the Company dated 29 February 2008;
"Directors"	the directors of the Company;

"E&M NSC"	Sun Fook Kong E & M Management Limited, a wholly owned subsidiary of the Contractor, which is the sub-contractor for heating, ventilation & air-conditioning and electrical Installation for the Development Project. For details of the relevant sub-contract, please refer to the announcement of the Company dated 22 April 2002;
"Great Eagle"	The Great Eagle Company, Limited, a wholly owned subsidiary of the Company;
"Group"	the Company and its subsidiaries;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the People's Republic of China;
"Independent Shareholders"	Shareholders who are not required to abstain from voting at a general meeting to approve the Supplemental Agreement;
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Main Contract"	the Building Contract made as of 12 November 2001 between the Developer and the Contractor relating to the construction works in connection with the Development Project;
"P&D NSC"	Sun Fook Kong Engineering Limited, a wholly owned subsidiary of the Contractor, which is the sub-contractor for plumbing and drainage installation for the Development Project. For details of the relevant sub-contract, please refer to the announcement of the Company dated 22 April 2002;
"Roof NSC"	Profit Boat Development Limited, a fellow subsidiary of the Contractor, which is the sub-contractor for design, supply & installation of aluminium roofing system for the Development Project. For details of the relevant sub-contract, please refer to the announcement of the Company dated 23 April 2003;
"SGM"	the special general meeting of the Company to be held to consider and approve, among other things, the Supplemental Agreement and the transactions contemplated thereunder;
"Shareholders"	holder(s) of the shares of HK\$0.50 each in the share capital of the Company;
"Supplemental Agreement"	the supplemental agreement dated 23 February 2009 entered into between Great Eagle and the Contractor, supplemental to the Main Contract; and

"The Lo Family Trust"

a family trust established by the late Mr. Lo Ying Shek (the father of Mr. Lo Kai Shui and certain directors of the Company including Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent, Dr. Lo Ying Sui, Archie and the husband of Madam Lo To Lee Kwan), as a discretionary trust for the benefit of certain family members of the late Mr. Lo Ying Shek.

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

Hong Kong, 23 February 2009

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, Archie; and three independent non-executive directors, namely Mr. CHENG Hoi Chuen, Vincent, Professor WONG Yue Chim, Richard and Mrs. LEE Pui Ling, Angelina.