



Great Eagle Holdings Limited

鷹君集團有限公司

Incorporated in Bermuda with limited liability
(Stock Code: 41)

2007 RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

During 2007 we took advantage of the buoyant economic conditions in Hong Kong and the region to achieve highly satisfactory income growth in our various business segments. The Group's underlying core income for the full year of 2007 increased to HK\$896.4 million, 36.5% higher than that of HK\$657.0 million for 2006. In fact, the 2007 income has not taken into account the final distribution declared by Champion REIT because of an accounting timing technicality. Otherwise the HK\$124.9 million of distribution attributable to the Group would have brought our 2007 core earnings to HK\$1,021.3 million, a 55.5% growth over the comparative figure for the prior year.

Due to strong demand from the financial and service sectors, the office market in Hong Kong went from strength to strength. At the end of 2007 all our office buildings in Hong Kong were virtually full. Rent rates also surged during the year. The Langham Place Mall has essentially completed its major tenant mix realignment initiative as 2007 came to a close. With a consistent growth in footfall over the past two years, the Mall has attracted a large number of high-quality and popular retailers, which in turn have attracted more shoppers.

The Hotels Division delivered highly satisfactory financial results in 2007 with an overall EBITDA growth of 15% year on year, driven mainly by our hotels in Hong Kong and the southern hemisphere. In the mean time we have also made significant progress in our efforts to build the Langham brand of luxury hotels. We have contracted to buy one more five-star hotel in California and signed up several management contracts on luxury hotels in China and Thailand. Sophisticated management and reservation system infrastructures are now in place, ready to take the Langham brand to another level of growth.

Our 48.5% holding of units in Champion REIT started to contribute income in 2007 as our distribution waiver in favour of the independent unitholders was scaled back from 100% for 2006 to 55% in 2007. Benefiting at the same time from an exceptionally strong Central office leasing market, the REIT has reported an increase in Net Property Income on an annualized basis by 58.6% to HK\$680 million for 2007.

A conditional agreement was signed on 14 February 2008 for Great Eagle to inject the retail mall and office tower of Langham Place, representing a total gross floor area of approximately 1,300,000 sq. ft., into Champion REIT at an implied price of HK\$12.5 billion, representing a discount of 11.8% to the properties' appraised value of HK\$14.2 billion as of 30 November 2007. The consideration is expected to be satisfied with a combination of new placement units of Champion REIT, cash and assumption of debts. Completion of the transaction will be subject to successful fund-raising by Champion REIT on or before the end of June 2008. After the transaction is consummated, Champion will have diversified its asset and income bases from a pure Central financial market exposure with the prime retail asset and the trading and services office tenant base of Langham Place. In conjunction with the asset purchase, Champion REIT will also unwind the financial engineering features currently in its income structure. The enlarged and diversified asset base and the enhanced financial transparency should lead to higher investment ratings for Champion. That would be beneficial to Great Eagle, which intends to maintain its interest in Champion at the current substantial level of around 48%.

RESULTS

The Directors of Great Eagle Holdings Limited (the "Company") are pleased to announce the audited consolidated financial results of the Company, its subsidiaries and associated companies (the "Group") for the year ended 31 December 2007, with comparative figures in 2006, as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2007	2006
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Revenue	(2)	4,182,039	3,772,253
Cost of goods and services		(2,523,805)	(2,353,253)
Operating profit before depreciation and amortisation		1,658,234	1,419,000
Depreciation and amortisation		(317,903)	(274,080)
Operating profit		1,340,331	1,144,920
Fair value changes on investment properties		4,142,866	342,167
Fair value changes on derivative financial instruments		(1,438)	37,206
Fair value changes on financial assets carried at fair value through profit or loss		29,816	-
Other income		182,026	208,146
Administrative expenses		(167,249)	(156,760)
Other expenses		(84,494)	(9,432)
Loss on disposal of property investment subsidiaries		-	(264,620)
Finance costs	(3)	(568,371)	(713,884)
Share of results of associates		17,779	14,455
Profit before tax		4,891,266	602,198
Income taxes	(4)	(992,988)	(194,674)
Profit for the year	(5)	3,898,278	407,524

Attributable to:			
Equity holders of the parent		3,898,273	405,506
Minority interests		5	2,018
		<u>3,898,278</u>	<u>407,524</u>
Dividends	(6)		
Interim, paid		90,693	3,034,267
Final, proposed		211,641	150,216
Basic earnings per share	(7)	HK\$6.47	HK\$0.68
Diluted earnings per share	(7)	HK\$6.46	HK\$0.68

CONSOLIDATED BALANCE SHEET

	As at 31 December 2007 <i>HK\$'000</i>	As at 31 December 2006 <i>HK\$'000</i>
Non-current assets		
Property, plant and equipment	8,119,231	7,686,901
Prepaid lease payments	1,751,184	1,795,955
Investment properties	17,609,630	14,665,992
Interests in associates	38,926	29,275
Available for sale investments	6,263,705	5,185,176
Amounts due from associates	12,077	12,377
Pledged bank deposits	323,226	326,465
Restricted cash	567,599	-
	<u>34,685,578</u>	<u>29,702,141</u>
Current assets		
Inventories	111,480	86,125
Debtors, deposits and prepayments	507,552	441,883
Prepaid lease payments	44,771	44,771
Financial assets carried at fair value through profit or loss	35,856	-
Bank balances and cash	2,884,709	2,923,834
	<u>3,584,368</u>	<u>3,496,613</u>
Current liabilities		
Creditors, deposits and accruals	1,261,706	1,237,867
Derivative financial instruments	9,714	8,234
Provision for taxation	137,184	86,609
Borrowings due within one year	3,020,131	538,682
Unsecured bank overdrafts	1,231	4,007
	<u>4,429,966</u>	<u>1,875,399</u>
Net current (liabilities) assets	<u>(845,598)</u>	<u>1,621,214</u>
Total assets less current liabilities	<u>33,839,980</u>	<u>31,323,355</u>

Non-current liabilities		
Borrowings due after one year	6,375,379	9,768,534
Deferred taxation	2,383,223	1,505,886
	<u>8,758,602</u>	<u>11,274,420</u>
NET ASSETS	<u>25,081,378</u>	<u>20,048,935</u>
Equity		
Share capital	302,315	300,427
Share premium and reserves	24,779,063	19,748,220
Equity attributable to equity holders of the parent	25,081,378	20,048,647
Minority interests	-	288
TOTAL EQUITY	<u>25,081,378</u>	<u>20,048,935</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

(2) BUSINESS SEGMENTS

For management purposes, the Group is currently organised into the following operations:

Property investment	- income from leasing of properties and furnished apartments and properties held for investment potential.
Hotel operation	- hotel accommodation, food and banquet operations.
Other operations	- sales of building materials, restaurant operation, provision of property management, investment in securities, maintenance and agency services, management service as a manager of real estate investment trust, provision of insurance agency services and fitness centre operation.

These operations are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below:

2007

	Property investment HK\$'000	Hotel operation HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	800,465	2,927,104	454,470	-	4,182,039
Inter-segment sales	28,644	-	17,442	(46,086)	-
Total	<u>829,109</u>	<u>2,927,104</u>	<u>471,912</u>	<u>(46,086)</u>	<u>4,182,039</u>

Inter-segment sales are charged at a mutually agreed price.

RESULTS					
Segment result	<u>460,605</u>	<u>546,066</u>	<u>262,126</u>		1,268,797
Unallocated corporate income					110,206
Unallocated corporate expenses					(108,389)
Fair value changes on investment properties	4,142,866	-	-		4,142,866
Fair value changes on derivative financial instruments					(1,438)
Fair value changes on financial assets carried at fair value through profit or loss					29,816
Finance costs					(568,371)
Share of results of associates	158	-	17,621		<u>17,779</u>
Profit before tax					4,891,266
Income taxes					<u>(992,988)</u>
Profit for the year					<u>3,898,278</u>

2006

	Property investment HK\$'000	Hotel operation HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External sales	930,074	2,592,005	250,174	-	3,772,253
Inter-segment sales	34,654	-	21,650	(56,304)	-
Total	<u>964,728</u>	<u>2,592,005</u>	<u>271,824</u>	<u>(56,304)</u>	<u>3,772,253</u>

Inter-segment sales are charged at a mutually agreed price.

RESULTS					
Segment result	<u>562,783</u>	<u>525,216</u>	<u>55,501</u>		1,143,500
Unallocated corporate income					143,453
Unallocated corporate expenses					(100,079)
Fair value changes on investment properties	342,167	-	-		342,167
Fair value changes on derivative financial instruments					37,206
Loss on disposal of property investment subsidiaries	(264,620)	-	-		(264,620)
Finance costs					(713,884)
Share of results of associates	160	-	14,295		<u>14,455</u>
Profit before tax					602,198
Income taxes					<u>(194,674)</u>
Profit for the year					<u>407,524</u>

(3) FINANCE COSTS

	2007 HK\$'000	2006 HK\$'000
Interest on bank borrowings not wholly repayable within five years	-	91,157
Interest on bank borrowings wholly repayable within five years	439,993	488,211
Interest on other loans wholly repayable within five years	114,861	117,616
Other borrowing costs	13,517	16,900
	<u>568,371</u>	<u>713,884</u>

(4) INCOME TAXES

	2007 HK\$'000	2006 HK\$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	87,486	36,461
Other jurisdictions	34,443	29,984
	<u>121,929</u>	<u>66,445</u>
Under (over)provision in prior years:		
Hong Kong Profits Tax	7,377	(96)
Other jurisdictions	211	(1,090)
	<u>7,588</u>	<u>(1,186)</u>
	<u>129,517</u>	<u>65,259</u>
Deferred tax:		
Current year	863,471	129,415
	<u>992,988</u>	<u>194,674</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

(5) **PROFIT FOR THE YEAR**

	2007 HK\$'000	2006 HK\$'000
Profit for the year has been arrived at after charging:		
Staff costs	1,108,111	980,528
Share based payments	<u>11,657</u>	<u>5,348</u>
	<u>1,119,768</u>	<u>985,876</u>
Depreciation on		
- hotel buildings	166,143	148,388
- other property, plant and equipment	<u>106,989</u>	<u>80,921</u>
	<u>273,132</u>	<u>229,309</u>
Auditors' remuneration	7,024	6,435
Fitting-out works of investment properties and hotel buildings written off	63,170	8,227
Operating lease payments on rented premises	3,747	3,491
Cost of inventories recognised as an expense	385,920	364,151
Share of tax of associates (included in the share of result of associates)	1,154	1,923
Impairment loss recognised on interest in an associate	1,505	-
and after crediting:		
Gain on disposal of property, plant and equipment	279	56
Rental income from investment properties less related outgoings of HK\$209,156,000 (2006: HK\$253,420,000)	<u>501,923</u>	<u>568,313</u>

(6) **DIVIDENDS**

On 25 October 2007, an interim dividend of HK15 cents per share (2006: HK5 cents per share and a special interim dividend of HK\$5 per share) were paid to shareholders as the interim dividend for 2007.

The directors have resolved to propose that the final dividend of HK35 cents per share (2006: HK25 cents per share) be paid to the shareholders of the Company whose names appear in the Register of Members on 23 May 2008.

During the year, 3,353,013 shares of HK\$0.50 each in the Company were issued at HK\$28 per share as scrip dividends.

(7) EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to equity holders of the parent is based on the following data:

	2007 HK\$'000	2006 HK\$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	<u>3,898,273</u>	<u>405,506</u>
	2007	2006
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	602,812,151	597,809,803
Effect of dilutive potential shares:		
Share options	<u>637,543</u>	<u>1,066,642</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>603,449,694</u>	<u>598,876,445</u>

DIVIDENDS

The Board has resolved to recommend to Shareholders at the forthcoming 2008 Annual General Meeting (the "2008 AGM") the payment of a final dividend of HK35 cents per share for the year ended 31 December 2007 (2006: HK25 cents per share) to Shareholders whose names appear on the Register of Members on 23 May 2008. Together with the interim dividend of HK15 cents per share paid on 25 October 2007, the total dividend for the full year will be HK50 cents per share (2006: HK\$5.3 per share, including a final dividend of HK25 cents, an interim dividend of HK5 cents and a special interim dividend of HK\$5), amounting to not less than HK\$302,333,000 (2006: HK\$3,184,535,000).

Shareholders will be given the option to receive the final dividend in new shares in lieu of cash ("Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is subject to: (1) the approval of proposed final dividend at the 2008 AGM; and (2) The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Arrangement will be despatched to Shareholders together with the form of election for scrip dividend soon after the 2008 AGM. Dividend warrants and share certificates in respect of the proposed final dividend are expected to be despatched to Shareholders on or about 26 June 2008.

CLOSURE OF TRANSFER BOOKS

The Register of Members of the Company will be closed from Thursday, 15 May 2008 to Friday, 23 May 2008, both days inclusive, during which period no share transfers will be effected.

For those Shareholders who are not already on the Register of Members, in order to qualify for the final dividend, all share certificates accompanied by the duly completed transfers must be lodged with the Hong Kong Branch Registrars of the Company, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 14 May 2008.

ANNUAL GENERAL MEETING

The 2008 AGM of the Company will be held on Friday, 23 May 2008 and the notice of 2008 AGM will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company and despatched to shareholders on or about 28 April 2008.

OPERATIONS REVIEW

1. RENTAL PROPERTIES

HONG KONG

(a) *Rental Income*

	Gross Rental Income (HK\$ million)	
	2007	2006
Citibank Plaza*	-	146.4
Great Eagle Centre	82.2	63.6
Langham Place		
Office	122.9	65.0
Commercial	311.7	322.5
Eaton House	40.2	32.8
Convention Plaza Apartments	3.6	3.1
Others	3.4	3.3
Total	<u>564.0</u>	<u>636.7</u>

(b) *Occupancy and Rental Trend*

	Occupancy at 31 December 2007		
	Office	Commercial	Residential
Great Eagle Centre	99.3%	100.0%	-
Langham Place	99.6%	96.6%	-
Eaton Houses	-	-	84.5% [#]
Convention Plaza Apartments	-	-	100.0%

* Upon the public listing of the Champion Real Estate Investment Trust ("Champion REIT") on 24 May 2006, the Group's interests in Citibank Plaza were disposed of to Champion REIT. The rental income from Citibank Plaza for the year ended 31 December 2006 therefore covered the period from 1 January 2006 to 23 May 2006.

[#] Average occupancy rate for the 12 months ended 31 December 2007.

Langham Place

During 2007, we continued to focus our promotional strategy and resources on several highly popular major events to reinforce the original, creative and trendy image of the Mall. The substantial overhaul and enhancement of its trade-mix have increased its attraction to shoppers. As a result, footfall at the Mall rose 28% year on year. The average sales per sq. ft. of the tenants also benefited from strong consumption growth in Hong Kong, posting a better than market 18.6% increase year on year. Occupancy at the Mall was 96.6% as of 31 December 2007, moderately higher than that of 95.1% at the previous year-end. However due to substantial downtime in between leases while the tenant-mix make-over was in progress, as well as higher interim vacancies while shops were merged to create anchor spaces, the rental income HK\$251.4 million for 2007 was almost flat from the HK\$259.2 million for 2006. As the tenant realignment exercise has been substantially completed in 2007 and with the benefit of the presence of two major anchor tenants which opened in late 2007, we expect solid growth in tenants' sales and hence our rental income for 2008.

We had aggressively leased up the Office tower in the first half of 2007 and it was virtually fully occupied at 99.6% as of 31 December 2007 as compared with 74.8% at the beginning of the year. Rental income increased significantly by 202% to HK\$100.5 million for 2007 from HK\$33.3 million for 2006 largely because of the increased occupancy and corresponding reduction in vacancy costs.

Langham Place Office Tower and Mall together contributed in 2007 approximately HK\$512.6 million and HK\$362.4 million respectively to the Group's revenue and net property income, before adjusting for intra-group transactions.

Great Eagle Centre

Due to the lack of new supply in the Wanchai/Causeway Bay areas and robust demand from the trading and services segments, Great Eagle Centre was very well occupied throughout 2007. As at 31 December 2007, the occupancy of the office portion was 99.3%, which was 3.3% higher than that at year-end 2006. The retail area also remained 100% leased throughout. With very low vacancy rates, we were able to progressively raise rents as tenancies were rolled over through the year. The rental income of Great Eagle Centre as a result rose 28.8% from HK\$60.1 million for 2006 to HK\$77.4 million for 2007.

Eaton House Serviced Apartments

All three serviced apartment buildings performed well during the year, benefiting from an active local corporate market. Completion of room refurbishments at the Blue Pool Road property in April 2007 helped to lift overall occupancy and average rates. Average occupancy for the three properties improved to 84.5% for 2007 as compared to 73.9% for the prior year. Rental income correspondingly increased to HK\$24.3 million from HK\$18.9 million, a 28.7% increase.

Convention Plaza Apartments

As at 31 December 2007, the properties were 100% occupied. Due to the strength of the luxurious residential market, rents generally increased on reversion. Downtime in between leases was also reduced. Rental income of 2007 improved to HK\$2.9 million from that of HK\$2.3 million for 2006.

Eaton Hotel Banquet & Convention Centre

All the four shops in the Centre were let as of 31 December 2007. Rental income of 2007 reached HK\$3.0 million (2006: HK\$2.6 million).

UNITED STATES

The overall real estate market in California witnessed favorable growth in rental rates and occupancy in 2007. However, this improvement in market conditions was not reflected in the performance of our properties because of significant tenant turnovers coupled with negative rental reversion at 353 Sacramento Street, 150 Spear Street and 500 Ygnacio. 2700 Ygnacio on the other hand improved its contribution due to higher occupancy and lower tenant improvement costs. Total rental income from the California portfolio dropped to HK\$34.0 million in 2007 from HK\$53.8 million in 2006. However it is noteworthy that the rental income for the second half of 2007 amounted to HK\$28.8 million, a substantial increase over that of HK\$5.2 million for the first half of 2007. It is evident that the portfolio has seen its worst and should show positive income growth in the coming year.

The 150 Spear Street property was sold for HK\$1,111.8 million in December 2007, generating an after tax profit of HK\$223.1 million. The cash generated from the sale was reinvested by way of a like-kind exchange in January 2008 with the purchase of the Southern California landmark hotel previously known as the Ritz Carlton Huntington Hotel and Spa in Pasadena at a price equivalent to HK\$1,287 million. The hotel is now a Langham Hotel.

2. CHAMPION REIT

As Citibank Plaza had been spun off to Champion REIT in May 2006, no direct rental income was derived from that property for 2007, whereas HK\$133.0 million of income was booked for the first 5 months of 2006. In lieu of direct property income, Champion contributed a total of HK\$210.8 million in income to the Group during 2007, notwithstanding the Group's waiver of 55% of its distribution entitlement for that year. Champion has reported a net property income of HK\$680 million for 2007, an increase of 58.6% over that for the prior year period on an annualized basis. It should be noted that the Group's share of the final distribution that has been declared by Champion for 2007 was not included in the income statement of Great Eagle for 2007 as distribution income from Champion is recognized upon distribution book closing date, which in this case occurred after the Group's financial year-end. If the HK\$124.9 million of distribution due from Champion were taken into account, the total income from Champion for 2007 would have been HK\$335.7 million.

3. HOTELS

Our hotels portfolio showed a positive general improvement in overall results with total revenue of HK\$2.9 billion, up 13% over 2006. The hotels in Hong Kong have taken advantage of the good economic and market conditions as well as the large number of trade fairs to improving their share of business travellers. Overseas properties have also seen an improved overall performance.

The Hotels Division continues to seek out opportunities to strengthen its presence in key global markets on a number of fronts. It continued its expansion momentum in Asia-Pacific by entering into several management agreements in China and Thailand. Also, the acquisition of the 392-room Langham Huntington Hotel and Spa, Pasadena, California in January 2008, will assist in growing our brand awareness in North America.

HONG KONG OPERATIONS

Langham Hotel, Hong Kong

Improved results were recorded for the year as the hotel benefited from targeting the high-yield corporate market with a resultant increase in average room rates. However, its revenue was impacted by the room refurbishment program in the third quarter of the year. The second phase of the three year room-renovation programme in the coming year will provide a luxury quality product that will rank with the best in Hong Kong and continue to position the hotel at the high end of the 5-star hotel market.

For the year 2007, the hotel achieved an average occupancy of 87% (2006: 87%) and average room rate of HK\$1,516 (2006: HK\$1,318).

Langham Place Hotel, Hong Kong

This modern 5-star hotel delivered an impressive performance for the year with total revenue continuing to achieve double-digit growth and revenue per available room increasing 19% year-on-year, driven mainly by higher room rates. Food and beverage business also posted strong results with a good mix of corporate events and catering functions, particularly wedding banquets. A new Japanese restaurant was opened in December 2007. The hotel will continue to focus on building its share of the retail and corporate FIT market. Its food and beverage operations will emphasis on capitalizing on its position as a well-established venue for wedding functions.

For the year 2007, the hotel achieved an average occupancy of 89% (2006: 86%) and average room rate of HK\$1,297 (2006: HK\$1,119).

Eaton Hotel, Hong Kong

The Eaton Hotel posted strong results for the year as it benefited from its phased room renovation and from targeting the retail market. Average room rates for 2007 rose 15% over the previous year. Its restaurant business enjoyed sustained growth, especially in the catering department with a healthy mix of corporate meetings, conferences and wedding functions. The ongoing room refurbishment will place the hotel at the high end of the four star market with enhanced guest facilities. A new Japanese Restaurant was opened in December.

For the year 2007, the hotel achieved an average occupancy of 90% (2006: 88%) and average room rate of HK\$857 (2006: HK\$744).

INTERNATIONAL OPERATIONS

Langham Hotel, London

The renovation of the signature restaurant and other food and beverage outlets was completed in 2007. The major extent of the works had limited the REVPAR growth for the year. The main phase of the renovation project for the guestrooms and public area will be undertaken over the coming year with the aim to positioning the hotel at the very top end of the luxury 5-star hotel market and reinforce its position as the Company's flagship hotel. However, while this is going on, we would expect the hotel's income performance in 2008 to be materially affected.

For the year 2007, the hotel achieved an average occupancy of 72% (2006: 75%) and average room rate of £188 (2006: £178).

Langham Hotel, Boston

The hotel ended 2007 on a positive note supported by a number of citywide events, attracting business travelers, which lifted revenue per available room by 9% over the prior year. The last phase of the bedroom refurbishment programme, and the opening of the new spa facility which will be completed by May 2008, will provide an enhanced quality experience for guests.

For the year 2007, the hotel achieved an average occupancy of 74% (2006: 75%) and average room rate of US\$249 (2006: US\$226).

Langham Hotel, Melbourne

2007 was a good year for the hotel with strong revenue growth, due to a combination of an increase of business travellers, major events and robust economic market conditions. The refurbishment of the ballrooms and function rooms in the first quarter of 2008 will confirm the hotel's position at the forefront of the Melbourne function scene.

For the year 2007, the hotel achieved an average occupancy of 82% (2006: 81%) and average room rate of A\$232 (2006: A\$214).

Langham Hotel, Auckland

The hotel ended the year with a solid performance bolstered by a steady business flow from both corporate and leisure sectors. Food & Beverage revenue benefited from strong catering business, particularly from meetings and conferences during the year with the newly decorated ballroom and function facilities. The new spa and upgraded health club facility are due to open in October 2008 and will further enhance the hotel's profile with a view to maintaining its position as the best hotel in New Zealand.

For the year 2007, the hotel achieved an average occupancy of 74% (2006: 72%) and average room rate of NZ\$162 (2006: NZ\$145).

Delta Chelsea Hotel, Toronto

Hotel revenues grew at a moderate pace in 2007 with average rates flat to last year, and in line with its competitors, as the city faced another year of stagnant growth.

For the year 2007, the hotel achieved an average occupancy of 72% (2006: 71%) and average room rate of C\$137 (2006: C\$137).

4. PROPERTY MANAGEMENT

The revenue generated from property management activities for 2007 amounted to HK\$19.6 million, which was 4.2% higher than that of 2006. Engineering revenue for 2007 was HK\$35.5 million, an increase of 56.0% over 2006 reflecting higher leasing activities at the Group's office buildings and hence more renovation jobs. Fire services contracting services also contributed to the income growth.

FINANCIAL REVIEW

1. Debt

Our gross debts denominated in HK dollars amounted to HK\$6,144 million as of 31 December 2007, all of which was on floating rate basis. Our foreign currency gross debts as of 31 December 2007 amounted to the equivalent of HK\$3,241 million, of which the equivalent of HK\$686 million, or 21% of our foreign currency debts, was on fixed-rate basis. The consolidated Net Attributable Debt outstanding (net of cash and bank deposits) as of 31 December 2007 was HK\$5,610 million, a decrease of HK\$1,444 million from that of HK\$7,054 million as of 31 December 2006. Equity Attributable to Shareholders, based on valuation of the Group's investment properties as of 31 December 2007 and the depreciated historical costs of the Group's hotel properties, amounted to HK\$25,081 million as of 31 December 2007. The resulting gearing ratio at 31 December 2007 was 22%.

2. Finance Cost

The net finance cost of HK\$421.6 million incurred in 2007 decreased by HK\$114.3 million from the HK\$535.9 million for the prior year as a result of the reduction in borrowings after receipt of the proceeds from the Champion REIT IPO.

Overall interest cover for 2007 was 3.54 times, as compared to that of 2.47 times for 2006.

3. Liquidity and Debt Maturity Profile

As of 31 December 2007, our cash, bank deposits and committed but undrawn loan facilities amounted to a total of HK\$5,889 million. The majority of our loan facilities is medium-term in nature and is secured by properties with sufficient value to loan coverage. The following is a profile of the maturity of outstanding debts as of 31 December 2007:

Within 1 year	32.1%
1 – 2 years	20.3%
3 – 5 years	47.6%
More than 5 years	-

4. Pledge of Assets

As at 31 December 2007, properties of the Group with a total carrying value of approximately HK\$27,210 million (2006: HK\$23,919 million) together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from the relevant properties and deposits of approximately HK\$323 million (2006: HK\$326 million) were mortgaged or pledged to secure credit facilities granted to the Group.

5. Commitments and Contingent Liabilities

As at 31 December 2007, the Group had authorised capital expenditures not provided for in the consolidated financial statements amounting to approximately HK\$166.7 million (2006: HK\$86 million) of which approximately HK\$166.1 million (2006: HK\$85 million) were contracted for.

Other than set out above, the Group did not have any significant commitments and contingent liabilities as at 31 December 2007.

OUTLOOK

The Group is well positioned for further growth in the coming year. As the passing rents of our rental properties in Hong Kong are well below current market rents, there will be considerable room for positive rental reversion as leases are rolled over. Our rental income should therefore continue to see good increases. The office towers of Langham Place and Great Eagle Centre are both virtually fully let and are well positioned to withstand competition from the new office supplies in the Kowloon peripheral areas. The Langham Place Mall has been gaining popularity among shoppers, and the positive impact of two new anchor tenants has just started to show. There is considerable momentum in the sales performance of shop tenants. That should support good growth in rents at the Mall in 2008.

Our investment in Champion REIT will also be generating increasing income to the Group. Its underlying rental income should continue to go up quite significantly as the full impact of rental reversions in 2007 will be reflected in 2008. At the same time, the reduction of our distribution waiver in favour of the independent unitholders will give us a bigger share of Champion's growing income.

Our global hotel portfolio should show a steady overall performance in 2008. The Hong Kong business travel market appears to be quite solid and therefore should support some moderate growth in room rates. The ongoing major renovation at our London flagship will have a major negative impact on its performance in the coming year. We have built up the necessary infrastructures to support further growth in our hotel management and ownership portfolio. And we will prudently seek out opportunities in the region, with a focus on major cities in China, and in particular mixed-use development projects anchored by a luxury hotel with residential and/or commercial components.

There has been considerable volatility in the global financial markets in recent months. With the United States possibly sliding into recession in the coming quarters, the world economies will inevitably be affected to varying extents. We have positioned the Group to operate and compete effectively in this environment. We have a very sound balance sheet with very low gearing. The vast majority of our assets are high quality properties in prime urban locations. And we have a strong recurrent income base that has more upside for growth. We maintain our confidence on the long-term growth prospects of this region. With our strong liquidity position we will be looking out for strategic investments as and when market opportunities arise.

STAFF

The total number of employees in the Group was 4,044 as at 31 December 2007. Salary levels of employees are competitive and discretionary bonuses are granted based on performance of the Group as well as performance of individual employees. Other employee benefits include educational allowance, insurance, medical scheme and provident fund schemes. Senior employees (including executive directors) are entitled to participate in the Great Eagle Holdings Limited Share Option Scheme. In order to enhance employee relations and communications, certain recreation activities and regular meetings of general staff with senior management were arranged during the year, with particular emphasis on performance management.

Finally, I would like to take this opportunity to address my sincere gratitude to my fellow Directors for their guidance and to all staff members for their dedication and hard-work contributed to the Group in the past year.

LO Ka Shui
*Chairman
and Managing Director*

Hong Kong, 2 April 2008

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2007, the Company had complied with the Code on Corporate Governance Practices (the "Code") with the following deviations:

Code provision A.2.1 - The roles of chairman and chief executive officer are performed by the same individual.

The Board of Directors considers this arrangement appropriate as it can ensure consistent leadership and allows for efficient discharge of the executive functions. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals including the three Independent Non-executive Directors.

Code provision A.4.1 - Non-executive Directors have not been appointed for a specific term.

The Non-executive Directors have no fixed term of office. The Bye-laws of the Company requires that one-third of the directors (other than the executive chairman and managing director) should retire by rotation. The Company considers that its corporate governance measures in this respect are no less exacting than those prescribed by Code provision A.4.1 and therefore does not intend to take any steps in this regard.

Code provision A.4.2 - The executive chairman and the managing director are not subject to retirement by rotation at least once every three years.

Under the existing Bye-laws of the Company, the executive chairman and managing director of the Company are not subject to retirement by rotation. The same provision is contained in The Great Eagle Holdings Limited Company Act, 1990 of Bermuda. As such, the executive chairman and managing director are by statute not required to retire by rotation.

A full description of the Company's corporate governance practices is set out in the Corporate Governance Report contained in the 2007 Annual Report.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the required standard as set out in the Model Code throughout the year under review.

AUDIT COMMITTEE

The consolidated financial statements for the year ended 31 December 2007 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2007 have been agreed by the Group’s auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 December 2007. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

The Group’s consolidated financial statements for the year ended 31 December 2007 have been audited by Messrs. Deloitte Touche Tohmatsu.

As at the date of this announcement, the Directors of the Company are:

*Dr. LO Ka Shui (Chairman and Managing Director), Mr. LO Kai Shui (Deputy Managing Director), Mrs. LO TO Lee Kwan, *Mr. CHENG Hoi Chuen, Vincent, *Professor WONG Yue Chim, Richard, *Mrs. LEE Pui Ling, Angelina, Mr. LO Hong Sui, Antony, Madam LAW Wai Duen, Mr. LO Hong Sui, Vincent, Dr. LO Ying Sui, Archie and Mr. KAN Tak Kwong*

**Independent Non-executive Directors*