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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Great Eagle Holdings Limited, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**Great Eagle Holdings Limited**

**鷹君集團有限公司**

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

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF PROPERTY**

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## DEFINITIONS

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In this circular, the following expressions have the following meanings unless the context requires otherwise:

<b>Expressions</b>	<b>Meanings</b>
<b>“Agreement”</b>	the purchase and sale agreement dated 2 October 2007 entered into between the Seller and the Buyer in relation to the sale and purchase of the Property
<b>“Board”</b>	the board of Directors
<b>“Buyer”</b>	Principal Life Insurance Company, an Iowa corporation, which together with its ultimate beneficial owners, are Independent Third Parties
<b>“Company”</b>	Great Eagle Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
<b>“Closing”</b>	closing of the sale and purchase of the Property
<b>“Directors”</b>	the directors of the Company
<b>“Disposal”</b>	the proposed sale of the Property by the Seller to the Buyer under the Agreement
<b>“Escrow Holder”</b>	First American Title Insurance Company situated at 135 Main Street, 12th Floor, San Francisco, California 94105, U.S.A., an independent third party
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Third Parties”</b>	independent third parties who, to the best of the Directors’ knowledge and information and having made all reasonable enquiries, are not connected person (as defined under the Listing Rules) of the Company and are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules)

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## DEFINITIONS

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<b>“Investigation Period”</b>	the period, ended on 12 October 2007 given to the Buyer to review and approve various matters relating to the Property pursuant to the Agreement and an amendment agreement dated 5 October 2007 entered into between Seller and Buyer
<b>“Latest Practicable Date”</b>	18 October 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
<b>“Listing Rules”</b>	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Property”</b>	An 18-storey 256,800 sq. ft. Class A high-rise office tower, located at 150 Spear Street, San Francisco, California, U.S.A., with approximately 254,000 rentable sq. ft. of office and approximately 2,300 rentable sq. ft. of ground floor retail space
<b>“Seller”</b>	Pacific Spear Corporation, a Delaware corporation and an indirect wholly-owned subsidiary of the Company
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Shareholders”</b>	holder(s) of the shares of HK\$0.50 each in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“U.S.A.”</b>	United States of America
<b>“US\$”</b>	United States dollars, the lawful currency of the U.S.A.

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## LETTER FROM THE BOARD

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# Great Eagle Holdings Limited

## 鷹君集團有限公司

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

*Directors:*

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

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

*Principal Office:*

33rd Floor, Great Eagle Centre  
23 Harbour Road  
Wanchai  
Hong Kong

\* *Independent Non-executive Directors*

23 October 2007

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION DISPOSAL OF PROPERTY**

#### **INTRODUCTION**

By an announcement dated 2 October 2007, the Board announced that on 2 October 2007, the Seller, a wholly-owned subsidiary of the Company, entered into the Agreement with the Buyer, pursuant to which the Seller has agreed to sell and the Buyer has agreed to buy the Property at the consideration of US\$142,500,000.

On 8 October 2007, the Board also announced that on 5 October 2007, the Seller and the Buyer entered into an amendment agreement, pursuant to which the Investigation Period as provided for under the Agreement was extended from 5 October 2007 to 12 October 2007. As the Buyer has the right to terminate the Agreement by notice by not later than 5:00 p.m. California time on the last day of the Investigation Period, the period for the exercise of such right has been similarly extended. Moreover, since the Buyer shall deposit an additional deposit of US\$1,500,000 with Escrow Holder within two (2) business days following the expiration of the Investigation Period, the date for payment of such deposit has also been extended. Other terms of the Agreement remain unchanged.

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## LETTER FROM THE BOARD

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The Disposal constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. The purpose of this circular is to provide Shareholders with further information in relation to the Disposal and other information as required under the Listing Rules.

### THE PURCHASE AND SALE AGREEMENT

**Date:** 2 October 2007

**Parties:**

**Seller** : Pacific Spear Corporation, a Delaware corporation and an indirect wholly-owned subsidiary of the Company

**Buyer** : Principal Life Insurance Company, an Iowa corporation

**Assets to be disposed of:**

An 18-storey 256,800 sq. ft. Class A high-rise office tower, located at 150 Spear Street, San Francisco, California, U.S.A., with approximately 254,000 rentable sq. ft. of office and approximately 2,300 rentable sq. ft. of ground floor retail space. It was held by the Group for rental purpose.

**Consideration:**

The purchase price of US\$142,500,000 was agreed through arm's length negotiations between the Seller and the Buyer after a competitive bidding process.

The purchase price shall be payable in cash in the following manner:

- (i) an initial deposit of US\$1,500,000 shall be deposited in escrow with Escrow Holder by the Buyer within three (3) business days following the signing of the Agreement;
- (ii) an additional deposit of US\$1,500,000 shall be deposited with Escrow Holder by the Buyer within two (2) business days following the expiration of the Investigation Period;
- (iii) the balance of US\$139,500,000, subject to adjustment for prorations and credits for the income and expenses of the Property, such as rents, real property taxes and assessments, utility charges, and other operating expenses attributable to the Property as of Closing, shall be deposited with Escrow Holder by the Buyer at least one (1) business day before the Closing by wire transfer.

**The Escrow Holder has received the aforesaid initial deposit and the additional deposit for the total sum of US\$3,000,000, which shall be applied to the purchase price upon Closing.**

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## LETTER FROM THE BOARD

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### **Buyer's right to terminate**

The Buyer has the right to terminate the Agreement by notice by not later than 5:00 p.m. California time on the last day of the Investigation Period. In the event that the Buyer so elects the aforesaid initial deposit would be returned to the Buyer on termination of the Agreement and, except for any provisions of the Agreement which expressly state that they shall survive the termination of the Agreement, the Agreement shall be terminated and cancelled in all respects and neither Buyer nor Seller will have any further rights or obligations thereunder. It is not uncommon in the United States for buyers to negotiate the price downward at the end of the investigation period. **The Buyer has not exercised its right to terminate the Agreement as aforesaid, nor had it negotiated the price downward.**

### **Closing:**

Closing of the Disposal is conditioned upon, among other things:

- (a) delivery of all instruments and documents by Seller and Buyer at the Closing under the provisions of the Agreement;
- (b) compliance of all material covenants and material obligations by Buyer and Seller under the Agreement as of the Closing Date;
- (c) issuance of an owner's title insurance policy as of the Closing to the Buyer showing title to the Property in the name of Buyer;
- (d) deposit of the purchase price in escrow by Buyer.

Provided that all of the conditions precedent to the Closing as stated in Agreement have been satisfied or waived, the Closing is expected to take place on or before 27 December 2007. It is anticipated that at Closing, the Group will enter into a management agreement ("Management Agreement") with Buyer, pursuant to which the Group will be retained as a property manager to manage the Property for a period of up to three years after Closing on normal commercial terms. The Group will be required to satisfy Buyer that its methodologies, systems, software, and staffing are adequate to meet the institutional reporting requirements of Buyer. The Management Agreement shall contain standard provisions allowing termination for cause without penalty or payment of any kind. Such agreement shall also contain provisions allowing for termination of the Management Agreement without cause (for any reason, at the sole discretion of Buyer), subject to a termination fee. The termination fee shall initially equal US\$500,000, and shall decline on a straight-line monthly basis throughout the term of the Management Agreement. In no case shall the termination fee be greater than the outstanding financial obligation due on the remainder of the term. If the Management Agreement is not agreed upon by the expiration of the Investigation Period, then at any time thereafter, prior to the parties reaching agreement as to the Management Agreement, either Buyer or Seller shall have the right to terminate the Agreement, in which event, the aforesaid initial deposit (and, if applicable, the aforesaid additional deposit) shall be returned promptly to Buyer.

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## LETTER FROM THE BOARD

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### REASONS FOR THE DISPOSAL AND USE OF SALE PROCEEDS

The Property was acquired by the Group in 2001 at the price of US\$102.4 million. Based on the unaudited consolidated balance sheet of the Group as at 30 June 2007, the carrying value of the Property as at 30 June 2007 as valued by an independent firm of valuers was US\$88.2 million. With the Disposal, an expected gain accrued to the Group upon Closing, after deducting all relevant expenses and income taxes, shall be approximately US\$28.6 million.

According to the audited consolidated financial statements of the Company for the financial year ended 31 December 2006, the net loss, both before and after taxation and extraordinary items, attributable to the Property for that financial year was approximately US\$4.0 million and US\$2.4 million respectively.

According to the audited consolidated financial statements of the Company for the financial year ended 31 December 2005, the net profit, both before and after taxation and extraordinary items, attributable to the Property for that financial year was approximately US\$0.4 million and US\$0.2 million respectively.

It is considered that the Disposal is in the best interest of the Group since the offered price represents a premium of about 62% over the valuation of the Property as at 30 June 2007. The Disposal proceeds may be used to acquire other properties or assets or for general working capital purpose. The Company has been looking for investment opportunities but currently has not entered into any binding agreement in respect thereof.

The terms of the Disposal were arrived at through arm's length negotiations between the Seller and the Buyer after a competitive bidding process. The Directors are of the view that the terms of the Agreement are fair and reasonable and the Disposal is in the best interest of the Company and the Shareholders as a whole.

### FINANCIAL EFFECT ON THE DISPOSAL

It is estimated that the consolidated assets (excluding cash) of the Company will be reduced by approximately HK\$704.3 million; the consolidated liabilities of the Company will be decreased by approximately HK\$399.4 million and the cash reserve of the Company will be increased by approximately HK\$532.0 million, as a result of the net cash proceeds from the Disposal. The Disposal does not have any significant effect on the earnings of the Group.

### INFORMATION ON THE GROUP AND THE BUYER

The principal activities of the Group include property development and 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.

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## LETTER FROM THE BOARD

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As far as the Directors are aware, the Buyer is a life insurance company, and a subsidiary of The Principal Financial Group, Inc., a diversified financial services company listed on the New York Stock Exchange and to the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the Buyer and its ultimate beneficial owners are Independent Third Parties and neither of them nor their respective associates has any shareholding in the Company.

### **GENERAL**

As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the general information set out in the Appendix to this circular.

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

## RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular with regard to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts with regard to the Company, the omission of which would make any statement in this circular misleading.

## DISCLOSURE OF DIRECTORS' INTERESTS FOR THE COMPANY

Save as disclosed below, as of the Latest Practicable Date, none of the Directors or chief executive (if any) of the Company had, or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

## Shares in the Company:

Name of Director	Number of shares (Long Positions)					Percentage of issued share capital (%)	*Outstanding Share Option	Other derivative interests
	Personal interests	Family interests	Corporate interests	Other interests	Total			
Lo Ka Shui	7,622,002	Nil	28,251,664 Note (2)	238,228,966 Note (1)	274,102,632	45.33	900,000	19,979,754 Note (6)
Lo Kai Shui	Nil	Nil	513,113 Note (3)	197,503,146 Note (1)	198,016,259	32.75	400,000	Nil
Lo To Lee Kwan	944,851	Nil	4,342,287 Note (4)	Nil	5,287,138	0.87	Nil	Nil
Cheng Hoi Chuen, Vincent	Nil	10,000	Nil	Nil	10,000	0.002	Nil	Nil
Lo Hong Sui, Antony	2,942	Nil	Nil	Nil	2,942	Nil	250,000	Nil
Law Wai Duen	242,596	Nil	Nil	197,503,146 Note (1)	197,745,742	32.71	150,000	Nil
Lo Hong Sui, Vincent	293	Nil	Nil	Nil	293	Nil	Nil	Nil
Lo Ying Sui, Archie	3,855,046	3,700	33,269,396 Note (5)	197,503,146 Note (1)	234,631,288	38.81	Nil	Nil
Kan Tak Kwong	848,070	Nil	Nil	Nil	848,070	0.14	420,000	Nil

\* Details of share options granted to Directors are stated herebelow under the head "Share options in the Company".

*Notes:*

- (1) The 197,503,146 shares of Mr. Lo Kai Shui, Madam Law Wai Duen and Dr. Lo Ying Sui, Archie and 197,503,146 shares of the 238,228,966 shares of Dr. Lo Ka Shui were the same parcel of shares.
- (2) These 28,251,664 shares were held by a company in which Dr. Lo Ka Shui had entire interest.
- (3) These 513,113 shares were held by a company in which Mr. Lo Kai Shui had entire interest.
- (4) These 4,342,287 shares were held by companies in which Mrs. Lo To Lee Kwan had entire interest.
- (5) These 33,269,396 shares were held by a company in which Dr. Lo Ying Sui, Archie had entire interest.
- (6) Dr. Lo Ka Shui and a company in which Dr. Lo had entire interest have entered certain agreements to purchase equity derivatives, which are linked to shares of the Company, including an 1-year Leveraged Share Forward Accumulator with an outstanding balance of 18,000,000 shares and two 2-year Structured Notes covering 1,979,754 shares, a total of 19,979,754 shares.

**Share options in the Company:**

<b>Name of Director</b>	<b>*Year of Grant</b>	<b>Number of share options granted</b>	<b>Options lapsed/ cancelled/ exercised</b>	<b>Number of share options outstanding</b>	<b>Percentage of issued share capital (%)</b>
Lo Ka Shui	2005	300,000	Nil	300,000	0.05
	2007	600,000	Nil	600,000	0.10
Lo Kai Shui	2005	200,000	Nil	200,000	0.03
	2007	200,000	Nil	200,000	0.03
Lo Hong Sui, Antony	2005	50,000	Nil	50,000	0.01
	2007	200,000	Nil	200,000	0.03
Law Wai Duen	2005	50,000	Nil	50,000	0.01
	2007	100,000	Nil	100,000	0.02
Kan Tak Kwong	2005	120,000	Nil	120,000	0.02
	2007	300,000	Nil	300,000	0.05

\* *Details of Options granted in each year*

Year	Date of grant	Vesting period	Exercise period	Subscription price per share (HK\$)
2005	17/03/2005	17/03/2005 – 17/03/2010	18/03/2007 – 17/03/2010	18.210
2007	04/01/2007	04/01/2007 – 04/01/2012	05/01/2009 – 04/01/2012	22.350

Other than as disclosed above, none of the Directors or their associates had any interest or short position in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO).

### SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

Save as disclosed below, as of the Latest Practicable Date, so far as is known to any Director or chief executive (if any) of the Company, no person (not being a Director or chief executive (if any) of the Company nor any member of the Group), has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provision of the SFO) or who is directly or indirectly interested in 5% or more of the nominal value of any class of shares carrying rights to vote in all circumstances at general meetings of any other member of the Group.

#### Interests in the Company:

Name of Shareholder	Number of shares (Long Positions)	Percentage of Issued share capital (%)	Notes
KSL Management Limited	40,675,820	6.73	(1)
Surewit Finance Limited	40,675,820	6.73	(1)
Adscan Holdings Limited	33,269,396	5.50	(2)
HSBC International Trustee Limited	237,600,575	39.30	(3)
Powermax Agents Limited	143,082,768	23.66	(4)
Cohen & Steers, Inc.	30,191,166	5.00	–

#### Notes:

- (1) 40,675,820 shares of Surewit Finance Limited, a direct wholly-owned subsidiary of KSL Management Limited (“KSLM”), and 40,675,820 shares of KSLM were the same parcel of shares. 40,675,820 shares of KSLM were duplicated in the interests of Dr. Lo Ka Shui as described in Note (5). The said shares were held for a discretionary trust of which Dr. Lo Ka Shui was the founder.
- (2) These 33,269,396 shares held by Adscan Holdings Limited were duplicated in the interests of Dr. Lo Ying Sui who had entire interest in said company.

- (3) 197,503,146 shares of the 237,600,575 shares were the same parcel of shares as described in Note (5). HSBC International Trustee Limited (“HKIT”), as trustee of a discretionary trust in which the persons mentioned in Note (5) were the beneficiaries, were interested in said 197,503,146 shares. 40,675,820 shares of the 237,600,575 shares were the same parcel of shares as described in Note (1). The 2 companies mentioned in Note (1) were the wholly-owned subsidiaries of HKIT. The remaining shares were held by other trusts for which HKIT acted as the trustee.
- (4) These 143,082,768 shares held by Powermax Agents Limited were duplicated in the interests of HKIT. This company was a direct wholly-owned subsidiary of HKIT.
- (5) The 197,503,146 shares of Mr. Lo Kai Shui, Madam Law Wai Duen and Dr. Lo Ying Sui, Archie and 197,503,146 shares of the 238,228,966 shares of Dr. Lo Ka Shui were the same parcel of shares.

Other than as disclosed above, no notifications were received by the Company from any person (other than Directors of the Company) of having an interest or short position in the shares or underlying shares of the Company (within the meaning of Part XV of the SFO).

#### **Interests in other members of the Group:**

Kerry Properties Limited is indirectly interested in approximately 10.16% of the issued share capital of each of Fruitful Gain Limited, Missleton Finance Limited, Throng Limited and Horana Limited.

#### **LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

#### **SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had a service contract or a proposed service contract with any member of the Group which is not expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

#### **COMPETING BUSINESS INTERESTS OF DIRECTORS**

As far as the Directors are aware, Mr. Lo Hong Sui, Vincent, a Director, is the Chairman of Shui On Construction and Materials Limited, a Hong Kong listed company which engages in asset management, construction, cement production, property development and venture capital investment in Hong Kong, Macau and Mainland China. Mr Lo is also the Chairman and Chief Executive Officer of Shui On Land Limited, a property company whose shares are listed on the Stock Exchange.

Save as disclosed in this section, as at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business apart from the Group’s business, which competes or is likely to compete directly or indirectly, with the Group’s business and would require disclosure under Rule 8.10 of the Listing Rules.

**GENERAL**

- (a) The secretary of the Company is Mr. Tsang Yiu Wing, Peter, who is a Fellow of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.
- (b) The Qualified Accountant of the Company is Mr. Kan Tak Kwong, who is a Fellow of the Hong Kong Institute of Certified Public Accountants.
- (c) The registered office of the Company is situated at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.
- (d) The principal office of the Company is situated at 33rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.
- (e) The principal share registrar and the transfer office of the Company is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.
- (f) The branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (g) The English text of this circular shall prevail over the Chinese text.