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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)

2008 ANNUAL RESULTS ANNOUNCEMENT

Financial Highlights

	2008 HK$ (million)	2007 HK$ (million)	Change
Revenue	4,750	4,182	+13.6%
Statutory Profit attributable to equity holders	71.7	3,898	-98.2%
Profit from core business after tax	1,150	896	+28.3%
Final Dividend (per share)	HK$ 0.35	HK$0.35	-
Interim Dividend (per share)	HK$ 0.20	HK$0.15	+33.3%
Special Interim Dividend (per share)	HK$ 2.70	-	-
Total Dividend (per share)	HK$ 3.25	HK$0.50	+550.0%
Net Gearing	6%	22%	

The Board of Directors of Great Eagle Holdings Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 as follows:

OVERVIEW

The Group's interests in investment properties in Hong Kong, through its 49% holding in Champion REIT have continued to generate significant income to the Group in 2008. The Group has received total distributions of HK$464 million from the REIT during the calendar year 2008 (2007: HK$ 85 million).

After enjoying many quarters of robust economic growth, the spread of a synchronized global downturn has started to impact the Hong Kong economy in the latter part of 2008. Correspondingly, the Group's hotel business has witnessed a pull back in demand and revenues have declined. In fact the overseas hotels had started feeling the adverse impact earlier in 2008.

Core profit attributable to shareholders increased 28.3% year-on-year to HK$1,150 million for 2008. The growth was driven primarily by rising income from Champion REIT and lower financial expense.

Asset enhancement and growing footprint at our Hotel portfolio

In 2008, major renovations were being carried out to enhance the Group's assets, including that at the Group's flagship hotel, the Langham London. These capital improvement works undertaken represent important milestones toward growing and creating long term value for the Group's shareholders. In particular, the renovation at Langham London was an important one that would help to anchor the Langham Brand. It was successfully carried out in phases, which helped to avoid a discontinuity of guest arrivals, and at the same time, minimize disruption to the hotel's operation.

Meanwhile, some new hotels in the pipeline, which are all under pure hotel management contracts with no equity stake, are set to soft open from the summer of 2009. However, several hotel developers that we have contracted for management have stopped or delayed their projects due to the financial crisis. All in all, the upgraded hotels and an expansion in global footprint will further strengthen the Group's hotel brand.

Revenue from Hotel Division, excluding revenue contribution from the newly acquired Pasadena hotel, dropped by 6.7% year-on-year to HK$2,733 million in 2008.

Net income dropped by 26% year-on-year to HK$657 million in 2008, mainly due to rebranding cost at Langham Pasadena and generally weaker performance across all locations.

Significant increase in income from the Champion REIT

Contribution from the Champion REIT increased substantially by 284% year-on-year to HK$812 million in 2008, the growth came primarily on the back of higher distribution income from higher rental income at Citibank Plaza, along with higher asset manager fee. Agency income increased the least, but still up 79% year-on-year in 2008.

With the additional rental income contribution from the two newly added properties from June 2008, income from the Champion REIT should continue to increase in 2009. On top of that, the more resilient income nature of the newly added properties should help to diversify and stabilize future income stream from the Champion REIT.

Investment property portfolio

An upward trend in rental rates at the Group's rental income portfolio throughout 2008 helped to boost rental income across our investment properties in Hong Kong. Despite increasing pressure on rental and occupancy rates from the fourth quarter of last year, this was not enough to offset the growth achieved from the first three quarters of the year.

Bearing in mind that the Langham Place Mall and Office Tower, which contributed 61% of the gross rental income in 2007, were spun off in June 2008. As a result, gross rental income for the Group actually fell by 33% year-on-year in 2008. Going forward, the performance of the Langham Place Office Tower and Retail Mall will be reflected from the distribution received from our 49%-owned Champion REIT.

Strong financial position

As at the end of 2008, cash at hand amounted to HK$3,393 million, partially due to the successful asset injection of our two properties into the Champion REIT in June 2008.

Net debt increased in the second half of 2008, to stand at HK$1,033 million as at the end of 2008, compared to a net cash position as at June 2008, largely driven by the special dividends paid out. Net gearing stood at 6% as at the end of 2008.

Our strong cash position, coupled with limited capital expenditure commitment, should shelter us from the fallout of the global crisis.

BUSINESS REVIEW

Hotels

With the additional revenue contribution from the Langham Pasadena, which was acquired on 8 January 2008, revenue from the hotel business increased 5% year-on-year to HK$3,063 million for 2008. Revenue however would have dropped by 6.7% year-on-year to HK$2,733 million, if we exclude contribution from the newly acquired hotel.

Operating profit dropped by 26% year-on-year to HK$657 million, on rebranding cost associated with Langham Pasadena and generally lowers operating margins at other hotels.

The Hotel Division will continue to look for suitable locations with focus on Mainland China, South East Asia and the Middle East to strengthen our global presence.

The Langham, Hong Kong

After achieving a strong room rate growth in the first half of 2008, the negative impact from the global downturn started to impact its business from the fourth quarter of 2008. Together with the interruption from the room refurbishment programme, revenue for the hotel dropped slightly in the fourth quarter of 2008, compared with the same period last year. Nonetheless, the hotel managed to grow average room rate by 15% over the previous year.

For the year 2008, the hotel achieved an average occupancy of 81% (2007: 87%) and average room rate of HK$1,742 (2007: HK$1,516).

The Langham Place, Hong Kong

Positive results were delivered for the year despite gradual slowdown in the fourth quarter of 2008 amid a tougher economic environment. Good increases in food & beverage revenue, particularly from wedding and conferences, helped drove revenue for the hotel.

For the year 2008, the hotel achieved an average occupancy of 84% (2007: 89%) and average room rate of HK$1,442 (2007: HK$1,297).

Eaton Hotel, Hong Kong

Challenging economic conditions in the local market affected hotel's operating results for the year. The hotel capitalized on its renovated guestrooms by offering higher rates to frequent individual travelers, which helped room revenue growth. The food & beverage business was affected by catering with fewer wedding events, which was compensated by good corporate meeting and conference business. Overall, revenue from food and beverage increased very slightly from the previous year.

For the year 2008, the hotel achieved an average occupancy of 89% (2007: 90%) and average room rate of HK$921 (2007: HK$857).

The Langham, London

The main refurbishment to the guestrooms and public areas commenced in January 2008 and continued throughout the whole year. During the refurbishment period, only 162 rooms (out of a total of 425 rooms) were available for sale. The disruption from the extensive works, and the impact of the global market turmoil inevitably affected the hotel's operating results. The renovation work is scheduled to be completed in mid-2009, and after the renovation, the number of rooms will be reduced to 382 rooms, as some of the rooms are combined to create bigger rooms.

For the year 2008, the hotel achieved an average occupancy of 68% (2007: 72%) and average room rate of £243 (2007: £188). These operating statistics are based on the number of rooms available for sale over 2008.

Given such a significant uplift to the overall building, even though the global economy is expected to remain weak in 2009, the launch of the renovated rooms should still be able to command a premium over the historic room rates achieved. The hotel is set to soft open from the second quarter of 2009 and a full launch is targeted in mid-2009. In 2009, we expect the Langham London to resume profit contribution to the group.

The Langham, Boston

The global financial and economic crisis severely affected this financial district hotel's business results, revenue from the hotel dropped by 15% year-on-year to US$ 28.9 million. Slower corporate activity was evident with cutbacks in travel expenditure and reduced citywide events, which hampered business results. The opening of the Spa in June 2008, however, gave the hotel a better quality product to enhance the guest experience.

For the year 2008, the hotel achieved an average occupancy of 65% (2007: 74%) and average room rate of US$250 (2007: US$249).

The Langham, Melbourne

The hotel achieved steady results during the year although the negative market sentiments began to affect business activity during the last quarter of 2008. Food and beverage revenue was supported by stable restaurant sales throughout the year with double-digit growth against the previous year.

For the year 2008, the hotel achieved an average occupancy of 76% (2007: 82%) and average room rate of A$264 (2007: A$232).

The Langham, Auckland

The hotel witnessed a noticeable slowdown in revenue growth during the fourth quarter of 2008 due to the economic downturn. Declines were seen in corporate business, which affected both rooms and food & beverage. The re-opening of the Health Club in December 2008 enhanced guest facilities, and the new Chuan Spa, scheduled for opening in the second quarter of 2009, will offer one of the most luxurious wellness facilities in the city.

For the year 2008, the hotel achieved an average occupancy of 68% (2007: 74%) and average room rate of NZ$174 (2007: NZ$162).

The Langham, Pasadena

The turbulent economic environment combined with the hotel's re-branding exercise have resulted in operating losses for the past year. Brand building initiatives were carried out throughout 2008 and will continue in 2009. Renovation of the signature restaurant and other food and beverage outlets are planned for 2009 to align with the Langham brand standards and enhance the guest facilities.

As at the end of 2008, impairment charges, which is net of tax amounts to HK$121.6 million was written off against the original cost of the Langham Pasadena. Given the deterioration in the economic environment, and operating losses that have been incurred for the hotel in 2008, the Group believed it should take a prudent approach to write down the fair value of the hotel, which was acquired in January 2008. The acquisition was made after we have sold one of our office properties in San Francisco, and the re-investment of the proceeds within the United States was considered tax effective, and have resulted in certain tax advantages for the Group.

For the year 2008, the hotel achieved an average occupancy of 57% and average room rate of US$244

Delta Chelsea Hotel, Toronto

Modest revenue growth was posted for the year although average rates remained stable, reflecting the gradual slowdown in the economy. Overall performance was marginally ahead of that achieved in the previous year.

For the year 2008, the hotel achieved an average occupancy of 73% (2007: 72%) and average room rate of C$139 (2007: C$137).

Investment in the Champion REIT

On 12 March, the Champion REIT reported its 2008 full year results, and declared a final distribution of HK14.1 cents per unit for the second half of 2008.

Due to the Group's accounting policy of recognizing distribution income from the Champion REIT at the date of payment of the distribution, the income statement of the Group for a six-month period would reflect the distribution declared by the Champion REIT for the immediately preceding six-month period. Therefore the distribution declared by the Champion REIT for the second half of 2008 will instead be booked in the Group's first half results for 2009.

In 2008, distribution from the Champion REIT increased by 450% year-on-year to HK$464 million, the increase was largely driven by positive rental reversion at Citibank Plaza. Manager's fee, which included a one-time acquisition fee for the new properties, increased 211% year-on-year to HK$285 million.

Citibank Plaza

During 2008, both spot rentals (the rental rate applicable to new leases) and passing rentals (the average rental rate of existing tenancies) at Citibank Plaza continued to see an improvement. Spot rental rates achieved at Citibank Plaza were around HK$120 per sq. ft in the fourth quarter of 2008, 20% higher than that at beginning of the year. Occupancy in Citibank Plaza at year end 2008 remained at a high level of 97.9%. During the year, the rent rates of about a third of the leases in Citibank Plaza by floor area were marked to market at higher levels through the renewal or re-letting of expired tenancies and rent reviews on existing tenancies. As a result, the passing rent rates saw a significant increase from HK$67.06 per sq. ft. at the beginning of the year to HK$87.46 per sq. ft. in December 2008.

Langham Place Office Tower

Langham Place's reputation as a proven quality development and its superior subway location have allowed the Office Tower to compete effectively for tenants, and the year-end occupancy rate was 98.3%. The spot rents for office space at Langham Place were maintained at between HK$32 to HK$40 per. sq. ft. in the second half of 2008 with increased support from location-sensitive lifestyle sector tenants.

Langham Place Mall

2008 was a year which saw Langham Place Mall firmly entrenching itself as one of the most popular shopping centres in Kowloon. The Mall remained almost fully let throughout the period and the year-end occupancy rate was 97.7% while the number of visitors jumped by 28% year-on-year in 2008. Compared to the same period last year, there was a 12% rise in the average monthly gross sales per square foot at the Mall for the last six months of 2008. 16% of leases by floor area was rolled over during this period, and the average passing rent rate of the mall has increased to HK$88.90 per lettable sq. ft. as of December 2008.

Hong Kong Commercial Properties

Great Eagle Centre

Despite signs of weakening towards the end of 2008, gross rental income grew by 11.8% year-on-year from HK$ 82.2 million to HK$ 91.8 million in 2008. Positive rental reversion was the key driver for the increase, as achieved rental rates continued to surpass those of the expiring leases. Correspondingly, net rental income rose by 14.8% year-on-year from HK$ 77.4 million to HK$ 88.8 million.

As at the end of 2008, occupancy rate at Great Eagle Centre stood at 93.6%, which was lowered from the 99.3% as at the end of 2007, but improved from the 91.9% as at mid 2008.

Eaton House Furnished Apartments

Gross rental income increased 4.7% year-on-year to HK$ 42.1 million in 2008. However, demand for serviced apartments slowed significantly over the fourth quarter of 2008, on a consecutive basis, gross rental income from the furnished apartment in the second half was actually lower than that achieved during the first half of 2008.

With the roll out of the renovated rooms and a surge in demand for quality serviced apartments, the group enjoyed growth in both room and occupancy rate in the first half of the year. However, the situation reversed dramatically in the second half of 2008, especially in the fourth quarter, when a lack of new arrivals suppressed occupancy rate to 66% as at end of 2008.

The outlook for the serviced apartment market is expected to be more challenging, as competition will intensify with over 900 units to be launched in 2009, coupled with low levels of demand, we expect vacancies to rise over 2009.

United States commercial properties

Excluding the rental income from 150 Spear Street, which was sold in December 2007, gross rental income from the three office properties in the United States came in flat on a year-on-year basis to HK$117 million in 2008.

Longer than expected down time between leases was the key factor contributing to the lackluster performance in 2008. With higher occupancy as at end of 2008, and a below historical average number of leases up for expiry in 2009, an overall higher occupancy rate is anticipated for 2009, and therefore, we expect a steady growth in gross rental income in 2009.

Alongside the new letting of spaces in 2008, one-off re-tenanting cost was incurred, and therefore, combined net rental income from the three US office properties dropped by 19.8% year-on-year in 2008.

Trading

In 2008, revenue of our trading division increased by 53.5% year-on-year to HK$172 million, the increase was due to business expansion to trade building materials in the Macau market which has markedly deteriorated in the last quarter of 2008. Despite the increase in revenue, increased competition has led to lower operating margin. Given the increasingly deteriorating global and local economy and other factors, the Group felt it should take a prudent approach and has made a provision of HK$ 56 million against ageing debtors.

OUTLOOK

The financial crisis continues to ravage the global economy, leading it into one of the most severe downturn over the past decades. Visibility on the duration and depth of the current economic global downturn remains limited, as well as its impact on the global and Hong Kong economy. We will be facing unprecedented challenges in 2009, as the contagious effects of the global economy slowdown may spreads further. Confidence is generally lacking and it will be some time before liquidity in the lending market improves significantly.

As corporate activities slow down, and demand for office space has decreased significantly, there will inevitably be pressure on vacancy and rental rate for office properties in Hong Kong in the foreseeable term. The outlook for properties in the Central business district will be particularly unclear as redundancy in the banking industry increases. That however should have a limited impact on the performance of our investment in the 49%-owned Champion REIT in 2009. The full-year contribution of income from the Langham Place Mall and Office Tower and the relative resilience of retail leasing activities there should make up for the potential earnings softness at the Citibank Plaza offices.

It is noted that Champion REIT has amended its distribution policy in March 2009 which allows it to reduce its payout from 100% to 90% of its total distributable income. Should Champion REIT reduce its distribution, it will affect the dividend income of the Group accordingly.

As for the Group's hotel portfolio, a deteriorating global economy will further dampen demand for both leisure and corporate travels. Continuing the negative trends experienced in the fourth quarter of 2008, further deterioration in market conditions are seen thus far this year, and operating results have weakened significantly in January and February in all markets that we operate in. Controlling costs and rationalizing capital spending will be a priority for our hotel business in 2009. In the meantime, we will continue to prudently allocate resources to build the Langham brand.

We expect our three hotels in Hong Kong, which account for more than 60% of the Group's hotel profit, to perform relatively better than the other international hotels, given an anticipated higher volume of banqueting business to partially offset lower demand for rooms. The renovated rooms at Langham Hong Kong, as well as those at Eaton hotel will offer some buffer against room rates decline. However, net income is expected to drop.

After more than a year of renovation work at Langham London, full launch of the rooms will be in mid-2009, and we should expect this hotel to make profit contribution in 2009. Other overseas hotels are expecting to see declining yield as the impact of the downturn will materializes throughout 2009.

With our very strong balance sheet and low financial gearing, we are well prepared to face the economic challenges ahead. We will maintain a high degree of financial discipline and will take actions where necessary in anticipation of changing market conditions.

FINANCIAL REVIEW

Debt

Gross debts denominated in HK dollars amounted to HK$1,405 million as of 31 December 2008. Our foreign currency gross debts as of 31 December 2008 amounted to the equivalent of HK$3,021 million, of which the equivalent of HK$556 million, or 18.4% of our foreign currency debts, was on fixed-rate basis. Net of cash and bank deposits totalling the equivalent of HK$3,393 million, our consolidated net debt outstanding as of 31 December 2008 was HK$1,033 million, a decrease of HK$4,577 million from that of HK$5,610 million as of 31 December 2007.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 31 December 2008 and the depreciated costs of the Group's hotel properties, amounted to HK$17,975 million as of 31 December 2008. The net assets value at 31 December 2008 represents a drop of HK$7,106 million compared to the value of HK$25,081 million as of 31 December 2007, which is primarily due to the pay out of a special dividend as well as a non- cash mark-to-market diminution in fair value of the Group's long-term investment in the Champion REIT. The resulting gearing ratio at 31 December 2008 was 6%.

Finance Cost

The net finance cost of HK$135.5 million incurred in 2008, represents a decrease of HK$286.1 million from the HK$421.6 million for the year, as a result of the decrease in borrowings after receipt of the proceeds from the disposal of the Langham Place Office Tower and Mall, interest cover for 2008 was 11.79 times, as compared with 3.54 times for 2007.

Liquidity and Debt Maturity Profile

As of 31 December 2008, our cash, bank deposits and committed but undrawn loan facilities amounted to a total of HK$4,725 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 our outstanding debts as of 31 December 2008:

Within 1 year	37.7%
1-2 years	3.4%
3-5 years	58.9%

Pledge of Assets

At 31 December 2008, properties of the Group with a total carrying value of approximately HK$12,486 million (2007: HK$27,210 million), were mortgaged or pledged to secure credit facilities granted to its subsidiaries. The drop in value of pledged assets is primarily due to the disposal of the Langham Place Office Tower and Mall, which the related debt and credit facilities were subsequently paid down and terminated.

Commitments and Contingent Liabilities

As at 31 December 2008, the Group has authorised capital expenditures not provided for in these financial statements amounting to approximately HK$264 million (2007: HK$167 million) of which approximately HK$263 million (2007: HK$166 million) was contracted for.

Other than set out above, the Group did not have any significant commitments and contingent liabilities as at 31 December 2008.

FINAL DIVIDENDS

The Board has resolved to recommend to Shareholders at the forthcoming 2009 Annual General Meeting (the "2009 AGM") the payment of a final dividend of HK35 cents per share for the year ended 31 December 2008 (2007: HK35 cents per share) to Shareholders whose names appear on the Register of Members on 27 May 2009. Together with the interim dividend of HK20 cents per share and a special interim dividend of HK$2.7 per share paid on 22 October 2008, the total dividend for the full year will be HK$3.25 per share (2007: HK50 cents per share, including a final dividend of HK35 cents and an interim dividend of HK15 cents), amounting to not less than HK$1,981,408,000 (2007: HK$302,333,000).

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 2009 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 2009 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 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 22 May 2009 to Wednesday, 27 May 2009, both days inclusive, during which period no share transfers will be registered.

In order to receive the final dividend, all properly completed transfer forms accompanies by the relevant share certificates must be lodged with the Hong Kong Branch Registrars of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 21 May 2009.

ANNUAL GENERAL MEETING

The 2009 AGM of the Company will be held on Wednesday, 27 May 2009 and the notice of 2009 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 9 April 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Save as disclosed in the following paragraphs, during the year ended 31 December 2008, the Company had complied with all the code provisions and, where appropriate, adopted some of the recommended best practices, as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Main Board Listing Rules throughout the period under review.

CG Code Provision A.2.1 requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Dr. Lo Ka Shui is the Chairman of the Board and is holding the office of Managing Director of the Company. While this is a deviation from Code Provision A.2.1, dual role leadership has been in practice by the Company for decades and has withstood the test of time. The Board considers this arrangement to be appropriate for the Company as it can preserve the consistent leadership culture of the Company and allow efficient discharge of the executive functions of the chief executive officer. The Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high calibre individuals including three Independent Non-executive Directors.

CG Code provision A.4.1 requires that non-executive directors should be appointed for a specific term, subject to re-election.

While 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 non-executive directors have no fixed term of office. The Board considers that the provisions in the Bye-laws is no less exacting than those prescribed by CG Code provision A.4.1 and therefore does not intend to take any steps in this regard.

CG Code provision A.4.2 requires that every director should be 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, directors who hold the offices of either the executive chairman or the managing director of the Company are by statute not required to retire by rotation. After due consideration, in particular to the legal costs and procedures involved, the Board considers that it is not desirable to propose any amendment to The Great Eagle Holdings Limited Company Act, 1990 for the sole purpose of subjecting the executive chairman and managing director of the Company to retirement by rotation.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted its own Code of Conduct regarding Securities Transactions by Directors and Relevant Employees on 30 July 2008 (the “Model Code”) which is on terms no less exacting than those set out in Appendix 10 to the Stock Exchange Listing Rules. Having made specific enquiry, all Directors of the Company have confirmed that they fully complied with the Model Code throughout the year under review.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2008, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

AUDIT COMMITTEE

The consolidated financial statements for the year ended 31 December 2008 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2008 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. 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.

PUBLIC FLOAT

During the year ended 31 December 2008, the Company had maintained a sufficient public float with more than 25% of the issued shares of the Company being held by the public.

ISSUANCE OF ANNUAL REPORT

The 2008 Annual Report of the Company for the year ended 31 December 2008 will be dispatched to Shareholders on or about 9 April 2009.

BOARD OF DIRECTORS

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.

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

Hong Kong, 23 March 2009

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTES	2008 HK$'000	2007 HK$'000
Revenue	2	4,750,433	4,182,039
Cost of goods and services		(2,883,974)	(2,523,805)
Operating profit before depreciation and amortisation		1,866,459	1,658,234
Depreciation and amortisation		(358,893)	(317,903)
Operating profit		1,507,566	1,340,331
Fair value changes on investment properties		(272,697)	4,142,866
Fair value changes on derivative financial instruments		(81,985)	(1,438)
Fair value changes on financial assets carried at fair value through profit or loss		(85,254)	29,816
Other income		190,543	182,026
Administrative expenses		(214,247)	(167,249)
Other expenses		(199,937)	(84,494)
Impairment loss recognised in respect of a hotel building		(193,829)	-
Loss on disposal of property investment subsidiaries		(450,814)	-
Finance costs	3	(321,682)	(568,371)
Share of results of associates		13,159	17,779
(Loss) profit before tax		(109,177)	4,891,266
Income taxes	4	180,847	(992,988)
Profit for the year	5	71,670	3,898,278
Attributable to:			
Equity holders of the parent		71,670	3,898,273
Minority interests		-	5
		71,670	3,898,278
Dividends	6		
Interim, paid		1,768,026	90,693
Final, proposed		213,382	211,641
Basic earnings per share	7	HK$0.12	HK$6.47
Diluted earnings per share	7	HK$0.12	HK$6.46

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2008

	NOTES	2008	2007
		HK$'000	HK$'000
Non-current assets			
Property, plant and equipment		8,038,660	8,119,231
Prepaid lease payments		1,706,413	1,751,184
Investment properties		3,571,890	17,609,630
Interests in associates		47,080	38,926
Available for sale investments		4,502,622	6,263,705
Investment in convertible bonds		2,298,417	-
Note receivable		77,500	-
Amounts due from associates		12,077	12,077
Pledged bank deposits		-	323,226
Restricted cash		33,887	567,599
		20,288,546	34,685,578
Current assets			
Inventories		111,120	111,480
Debtors, deposits and prepayments	8	471,226	507,552
Prepaid lease payments		44,771	44,771
Financial assets carried at fair value through profit or loss		99,825	35,856
Derivative financial instruments		28,410	-
Bank balances and cash		3,359,122	2,884,709
		4,114,474	3,584,368
Current liabilities			
Creditors, deposits and accruals	9	1,055,987	1,261,706
Derivative financial instruments		7,814	9,714
Provision for taxation		106,609	137,184
Borrowings due within one year		1,668,963	3,020,131
Unsecured bank overdrafts		10,014	1,231
		2,849,387	4,429,966
Net current assets (liabilities)		1,265,087	(845,598)
Total assets less current liabilities		21,553,633	33,839,980
Non-current liabilities			
Borrowings due after one year		2,754,127	6,375,379
Deferred taxation		824,788	2,383,223
		3,578,915	8,758,602
NET ASSETS		17,974,718	25,081,378
Equity			
Share capital		304,832	302,315
Share premium and reserves		17,669,886	24,779,063
TOTAL EQUITY		17,974,718	25,081,378

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 ("HKICPA") and with the applicable disclosures requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The significant accounting policies adopted are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2007.

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

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	-	hotels 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.

2. BUSINESS SEGMENTS (continued)

2008

	Property investment HK$'000	Hotel operation HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE					
External sales	528,114	3,063,194	1,159,125	-	4,750,433
Inter-segment sales	37,115	-	18,741	(55,856)	-
Total	565,229	3,063,194	1,177,866	(55,856)	4,750,433

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

	Property investment HK$'000	Hotel operation HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS					
Segment result	328,177	190,510	860,801		1,379,488
Unallocated corporate income					70,409
Unallocated corporate expenses					(165,972)
Fair value changes on investment properties	(272,697)	-	-		(272,697)
Fair value changes on derivative financial instruments					(81,985)
Fair value changes on financial assets carried at fair value through profit or loss					(85,254)
Impairment loss recognised in respect of a hotel building	-	(193,829)	-		(193,829)
Loss on disposal of property investment subsidiaries	(450,814)	-	-		(450,814)
Finance costs					(321,682)
Share of results of associates	227	-	12,932		13,159
Loss before tax					(109,177)
Income taxes					180,847
Profit for the year					71,670

2. BUSINESS SEGMENTS (continued)

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	829,109	2,927,104	471,912	(46,086)	4,182,039

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

	Property investment HK$'000	Hotel operation HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS					
Segment result	460,605	546,066	262,126		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		17,779
Profit before tax					4,891,266
Income taxes					(992,988)
Profit for the year					3,898,278

3. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on bank borrowings wholly repayable within five years	205,523	439,993
Interest on other loans wholly repayable within five years	101,389	114,861
Other borrowing costs	14,770	13,517
	321,682	568,371

4. INCOME TAXES

	2008 HK$'000	2007 HK$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	89,490	87,486
Other jurisdictions	39,731	34,443
	129,221	121,929
(Over)underprovision in prior years:		
Hong Kong Profits Tax	(1,605)	7,377
Other jurisdictions	(830)	211
	(2,435)	7,588
	126,786	129,517
Deferred tax:		
Current year	(207,460)	863,471
Attributable to change in tax rate	(100,173)	-
	(307,633)	863,471
	(180,847)	992,988

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

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

5. PROFIT FOR THE YEAR

	2008 HK$'000	2007 HK$'000
Profit for the year has been arrived at after charging:		
Staff costs	1,285,894	1,108,111
Share based payments	10,720	11,657
	1,296,614	1,119,768
Amortisation of prepaid lease payments	44,771	44,771
Depreciation on		
- hotel buildings	190,912	166,143
- other property, plant and equipment	123,210	106,989
	314,122	273,132
Auditor's remuneration	7,703	7,024
Allowance for doubtful debts (included in other expenses)	56,178	-
Fitting-out works of hotel building (2007: investment properties and hotel buildings) written off (included in other expenses)	137,486	63,170
Operating lease payments on rented premises	29,196	3,747
Cost of inventories recognised as an expense	516,544	385,920
Share of tax of associates (included in the share of result of associates)	512	1,154
Impairment loss recognised on interest in an associate	-	1,505
Loss on disposal of property, plant and equipment	2,023	-
Net exchange loss	4,250	-
and after crediting:		
Dividend income from listed investments	466,630	85,447
Gain on disposal of property, plant and equipment	-	279
Rental income from investment properties less related outgoings of HK$138,924,000 (2007: HK$209,156,000)	337,777	501,923

6. DIVIDENDS

	2008 HK$'000	2007 HK$'000
Dividends paid:		
- Final dividend of HK35 cents in respect of 2007 (2007: HK25 cents in respect of 2006) per ordinary share	211,643	150,268
- Interim:		
Dividend of HK20 cents in respect of 2008 (2007: HK15 cents) per ordinary share	121,933	90,693
Special dividend of HK$2.7 (2007: nil) in respect of 2008 per ordinary share	1,646,093	-
	1,768,026	90,693
	1,979,669	240,961
Dividends proposed:		
- Proposed final dividend of HK35 cents in respect of 2008 (2007: HK35 cents) per ordinary share	213,382	211,641

The proposed final dividend in respect of 2008 is subject to approval by the shareholders in the forthcoming annual general meeting.

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:

	2008 HK$'000	2007 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	71,670	3,898,273
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	607,238,125	602,812,151
Effect of dilutive potential shares:		
Share options	61,667	637,543
Weighted average number of shares for the purpose of diluted earnings per share	607,299,792	603,449,694

8. DEBTORS, DEPOSITS AND PREPAYMENTS

	2008 HK$'000	2007 HK$'000
Trade debtors, net of allowance for doubtful debts	250,037	286,628
Deferred rent receivables	16,079	70,235
Other receivables	97,670	58,793
Deposits and prepayments	107,440	91,896
	471,226	507,552

For sales of goods, the Group allows an average credit period of 30 - 60 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. For hotel income, the Group allows a credit period of 30 days to its customers. The following is an aged analysis of trade debtors net of allowance for doubtful debts:

	2008 HK$'000	2007 HK$'000
0 - 3 months	237,626	234,167
3 - 6 months	7,281	5,223
Over 6 months	5,130	47,238
	250,037	286,628

9. CREDITORS, DEPOSITS AND ACCRUALS

	2008 HK$'000	2007 HK$'000
Trade creditors	184,285	205,399
Rental deposits	137,045	260,209
Construction fee payable and retention money payable	380,333	422,987
Accruals, interest payable and other payables	354,324	373,111
	1,055,987	1,261,706

The aged analysis of trade creditors is as follows:

	2008 HK$'000	2007 HK$'000
0 - 3 months	169,118	200,554
3 - 6 months	19	2,650
Over 6 months	15,148	2,195
	184,285	205,399