

2005 Interim Results

07 Sep 2005

Profit attributable to shareholders HK\$2,148 million

Earnings per share HK\$3.64

Recommended interim dividend of HK3.5 cents per share

HONG KONG, 7th September 2005. Great Eagle Holdings Limited (SEHK: 041) today announces its results for the six months ended 30th June 2005. Group turnover was HK\$1,563 million (2004: HK\$ 1,281 million). Profit attributable to shareholders was HK\$2,148 million (2004: HK\$108 million). Earnings per share was HK\$3.64 (2004: HK\$0.18).

The Board is recommending an interim dividend of HK 3.5 cents per share (2004: HK3.5 cents per share).

Dr. K.S. Lo, deputy chairman and managing director of Great Eagle Holdings Limited, comments on the 2005 half-year results, "In the first half of 2005, the Grade-A office market in Hong Kong has continued its strong upward trend. Driven by a generally buoyant economy, the demand from the financial, trading and manufacturing segments has taken up much of the available office stock, resulting in lower vacancies and significantly higher rents. Prime Central rent rates are now almost triple the market bottom levels of 2003. During the first half of 2005, rent rates achieved on new or renewal leases in our Hong Kong office buildings have begun to surpass those of expiring leases. The effects of the positive rental reversion and higher occupancy will become more evident in our income in the second half and the following year. In the mean time, capital values of commercial properties in Hong Kong have also appreciated significantly as the market is anticipating further increases in rents in view of the acute shortage of new Grade-A office supply over the next two to three years. Following the adoption of new Hong Kong financial reporting standards, the appreciation in the value of our investment properties has been reflected in our Group's profit and loss account for the first time in the 2005 financial year. This change in accounting standards was a principal factor behind the 19-fold increase in our first half income from HK\$108 million to \$2,148 million."

Dr. Lo adds, "Our hotels in Hong Kong have performed very well in the first half. The much higher contributions from the Hong Kong hotels have more than made up for the temporary lag in performance of some of our overseas hotels as a result of their re-branding. The outlook for the Hong Kong market remains positive with the opening of Disneyland Hong Kong and the robust commercial sector."

Dr. Lo also comments on the Group's major new development Langham Place, "The 3-in-1 retail, hotel and office concept of Langham Place has proven to be a great success. The Mall with its unique architecture and wide range of retail offerings has been highly popular with both local

shoppers and tourists. The Langham Place Hotel has also gained a strong footing in the Kowloon 5-star hotel market. Up to the end of August, close to 300,000 sq. ft. in the Office Tower has been let, with the latest rent rates almost 80% higher than those of the first leases. In line with our intention to reduce our financial gearing in a rising interest rate environment and to realise value for our shareholders as we announced before, we sold one high floor in the Office Tower in July 2005 at a unit price which is the highest achieved for office properties in Kowloon since 1998. We have also decided to market several additional floors of office space. We are expecting that the property will be sold gradually into a strengthening market."

The Great Eagle Group is one of Hong Kong's leading property and hotel companies. Headquartered in Hong Kong, the Group develops, invests in and manages high quality office, retail, residential and hotel properties in Hong Kong, North America and Europe. Its core commercial properties comprise 1.5 million square feet of Grade-A office space in the prime commercial districts of Hong Kong and a 1.8 million square feet office, retail and hotel complex in the prime shopping district of Mongkok, Kowloon. The Group's extensive international hotel portfolio currently comprises eight luxury properties with over 4,600 rooms.

- End -