



Interim Report 2007  
2007年度中期報告書



Great Eagle Holdings Limited  
鷹君集團有限公司

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

# CORPORATE INFORMATION 公司資料

## 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

\* Independent Non-executive Directors

## AUDIT COMMITTEE

CHENG Hoi Chuen, Vincent Chairman  
WONG Yue Chim, Richard  
LEE Pui Ling, Angelina

## REMUNERATION COMMITTEE

LEE Pui Ling, Angelina Chairman  
CHENG Hoi Chuen, Vincent  
WONG Yue Chim, Richard

## NOMINATION COMMITTEE

WONG Yue Chim, Richard Chairman  
CHENG Hoi Chuen, Vincent  
LEE Pui Ling, Angelina

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Bank of China (Hong Kong) Limited  
Hang Seng Bank Limited  
Citibank, N.A.

## SOLICITORS

Johnson, Stokes & Master  
Clifford Chance

## AUDITORS

Deloitte Touche Tohmatsu

## SECRETARY

TSANG Yiu Wing, Peter

## PRINCIPAL REGISTRARS

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM08  
Bermuda

## HONG KONG BRANCH REGISTRARS

Computershare Hong Kong Investor Services Limited  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## REGISTERED OFFICE

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

## PRINCIPAL OFFICE

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

## WEBSITE

[www.greateagle.com.hk](http://www.greateagle.com.hk)

## 董事

羅嘉瑞 主席兼董事總經理  
羅啟瑞 副董事總經理  
羅杜莉君  
鄭海泉 \*  
王于漸 \*  
李王佩玲 \*  
羅孔瑞  
羅慧端  
羅康瑞  
羅鷹瑞  
簡德光

\* 獨立非執行董事

## 審核委員會

鄭海泉 主席  
王于漸  
李王佩玲

## 薪酬委員會

李王佩玲 主席  
鄭海泉  
王于漸

## 提名委員會

王于漸 主席  
鄭海泉  
李王佩玲

## 主要往來銀行

香港上海滙豐銀行有限公司  
中國銀行(香港)有限公司  
恒生銀行有限公司  
花旗銀行

## 律師

孖士打律師行  
高偉紳律師行

## 核數師

德勤•關黃陳方會計師行

## 秘書

曾耀榮

## 主要股份過戶登記處

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM08  
Bermuda

## 股份過戶登記處香港分處

香港中央證券登記有限公司  
香港  
灣仔  
皇后大道東 183 號  
合和中心 17 樓

## 註冊辦事處

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

## 主要辦事處

香港  
灣仔  
港灣道 23 號  
鷹君中心 33 樓

## 網址

[www.greateagle.com.hk](http://www.greateagle.com.hk)

# INTERIM RESULTS

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six Months Ended 30 June	
		2007 HK\$'000	2006 HK\$'000
		(unaudited)	(unaudited)
Revenue	(3)	1,912,738	1,844,942
Cost of goods and services		(1,199,817)	(1,108,396)
Operating profit before depreciation and amortisation		712,921	736,546
Depreciation and amortisation		(147,741)	(126,149)
Operating profit		565,180	610,397
Fair value changes on investment properties		360,734	288,750
Fair value changes on derivative financial instruments		(2,223)	14,524
Fair value changes on held-for-trading investments		12,168	–
Other income		185,687	64,198
Administrative expenses		(74,715)	(69,638)
Other expenses		(6,010)	–
Loss on disposal of property investment subsidiaries	(16)	–	(264,620)
Finance costs	(4)	(282,145)	(410,148)
Share of results of associates		7,667	5,630
Profit before tax		766,343	239,093
Income taxes	(5)	(152,532)	(135,527)
Profit for the period	(6)	613,811	103,566
Attributable to:			
Equity holders of the parent		613,810	101,603
Minority interests		1	1,963
		613,811	103,566
Dividends	(7)	150,268	119,186
Earnings per share	(8)		
Basic		\$1.02	\$0.17
Diluted		\$1.02	\$0.17

## CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	At 30 June 2007 HK\$'000 (unaudited)	At 31 December 2006 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	(9)	7,947,890	7,686,901
Prepaid lease payments		1,773,569	1,795,955
Investment properties	(9)	14,980,071	14,665,992
Interests in associates		32,270	29,275
Available for sale investments	(10)	6,126,671	5,185,176
Loan receivables		12,054	12,377
Pledged bank deposits		334,038	326,465
		<b>31,206,563</b>	29,702,141
<b>Current assets</b>			
Inventories		88,841	86,125
Debtors, deposits and prepayments	(11)	540,755	441,883
Held-for-trading investments		68,892	–
Prepaid lease payments		44,771	44,771
Bank balances and cash		2,918,554	2,923,834
		<b>3,661,813</b>	3,496,613
<b>Current liabilities</b>			
Creditors, deposits and accruals	(12)	1,164,891	1,237,867
Derivative financial instruments	(13)	10,684	8,234
Provision for taxation		112,131	86,609
Borrowings due within one year	(14)	1,395,116	538,682
Unsecured bank overdrafts		6,135	4,007
		<b>2,688,957</b>	1,875,399
Net current assets		<b>972,856</b>	1,621,214
Total assets less current liabilities		<b>32,179,419</b>	31,323,355
<b>Non-current liabilities</b>			
Borrowings due after one year	(14)	8,866,285	9,768,534
Deferred taxation		1,617,871	1,505,886
		<b>10,484,156</b>	11,274,420
<b>NET ASSETS</b>		<b>21,695,263</b>	20,048,935
<b>Equity</b>			
Share capital	(15)	302,248	300,427
Share premium and reserves		21,392,726	19,748,220
Equity attributable to equity holders of the parent		<b>21,694,974</b>	20,048,647
Minority interests		289	288
<b>TOTAL EQUITY</b>		<b>21,695,263</b>	20,048,935

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent										
	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Exchange translation reserve HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interest HK\$'000	Total HK\$'000
At 1 January 2006	297,401	3,253,192	6,422	1,650	402,540	51,525	10,080	20,316,281	24,339,091	1,914,902	26,253,993
Deficit on revaluation on investments	-	-	(1,686,510)	-	-	-	-	-	(1,686,510)	-	(1,686,510)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	37,164	-	-	37,164	-	37,164
Net income and expense recognized directly in equity	-	-	(1,686,510)	-	-	37,164	-	-	(1,649,346)	-	(1,649,346)
Profit for the period	-	-	-	-	-	-	-	101,603	101,603	1,963	103,566
Total recognized income and expenses for the period	-	-	(1,686,510)	-	-	37,164	-	101,603	(1,547,743)	1,963	(1,545,780)
Dividend declared	-	-	-	-	-	-	-	(119,186)	(119,186)	-	(119,186)
Shares issued at premium	579	16,230	-	-	-	-	(2,729)	-	14,080	-	14,080
Share issue expenses	-	(17)	-	-	-	-	-	-	(17)	-	(17)
Recognition of equity-settled share based payments	-	-	-	-	-	-	2,962	-	2,962	-	2,962
Contributions from minority shareholders	-	-	-	-	-	-	-	-	-	152,733	152,733
Eliminated on disposal of property investment subsidiaries	-	-	-	-	-	-	-	-	-	(2,067,282)	(2,067,282)
At 30 June 2006	297,980	3,269,405	(1,680,088)	1,650	402,540	88,689	10,313	20,298,698	22,689,187	2,316	22,691,503
At 1 January 2007	300,427	3,368,142	(1,764,814)	1,650	402,540	163,650	8,718	17,568,334	20,048,647	288	20,048,935
Surplus on revaluation on investments	-	-	965,430	-	-	-	-	-	965,430	-	965,430
Exchange differences arising on translation of foreign operations	-	-	-	-	-	126,977	-	-	126,977	-	126,977
Net income and expenses recognized directly in equity	-	-	965,430	-	-	126,977	-	-	1,092,407	-	1,092,407
Transfer to profit on sale of available for sale investments	-	-	(15,472)	-	-	-	-	-	(15,472)	-	(15,472)
Profit for the period	-	-	-	-	-	-	-	613,810	613,810	1	613,811
Total recognised income and expenses for the period	-	-	949,958	-	-	126,977	-	613,810	1,690,745	1	1,690,746
Dividend paid	-	-	-	-	-	-	-	(150,268)	(150,268)	-	(150,268)
Shares issued at premium	1,821	99,089	-	-	-	-	(1,868)	-	99,042	-	99,042
Share issue expenses	-	(21)	-	-	-	-	-	-	(21)	-	(21)
Recognition of equity-settled share based payments	-	-	-	-	-	-	6,829	-	6,829	-	6,829
At 30 June 2007	302,248	3,467,210	(814,856)	1,650	402,540	290,627	13,679	18,031,876	21,694,974	289	21,695,263

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Six Months Ended 30 June	
		2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
<b>Cash generated from operations</b>		<b>570,836</b>	516,869
Hong Kong Profits Tax paid		(11,570)	(8,546)
Hong Kong Profits Tax refunded		15,061	–
Tax paid in other jurisdiction		(29,260)	(15,135)
Tax refunded in other jurisdictions		171	548
<b>Net cash from operating activities</b>		<b>545,238</b>	493,736
<b>Investing activities</b>			
Interest received		73,433	38,368
Dividends received from listed investments		495	417
Dividend received from an unlisted investment		–	1,118
Dividend received from an associate		4,673	2,520
Additions of investment properties		(13,799)	(115,309)
Additions of property, plant and equipment		(91,343)	(116,500)
Net decrease in held-for-trading investments		(54,943)	–
Additions of available for sale investments		(19,535)	–
Proceed on disposal of non-current assets classified as held for sale		–	252,454
Net proceeds on disposal of available for sale investments		43,603	–
Proceeds on disposal of property investment subsidiaries	(16)	–	10,127,891
Decrease in loan receivables		323	265,967
(Increase) decrease in pledged bank deposits		(7,573)	148,135
<b>Net cash (used in) from investing activities</b>		<b>(64,666)</b>	10,605,061
<b>Financing activities</b>			
Interest paid		(281,218)	(418,512)
Issue of shares		5,157	14,080
Share issue expenses		(21)	(17)
Repayments of bank and revolving loans		(198,826)	(5,389,631)
Contribution from minority shareholders		–	152,733
Dividends paid to shareholders		(56,383)	–
<b>Net cash used in financing activities</b>		<b>(531,291)</b>	(5,641,347)
<b>(Decrease) increase in cash and cash equivalents</b>		<b>(50,719)</b>	5,457,450
<b>Effect of foreign exchange rates changes</b>		<b>43,311</b>	10,324
<b>Cash and cash equivalents at 1 January</b>		<b>2,919,827</b>	715,383
<b>Cash and cash equivalents at 30 June</b>		<b>2,912,419</b>	6,183,157
<b>Analysis of cash and cash equivalents</b>			
Bank balances and cash		2,918,554	6,194,455
Bank overdrafts		(6,135)	(11,298)
		<b>2,912,419</b>	<b>6,183,157</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### (1) BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34, "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### (2) PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006 with exception of the accounting policy for financial assets at fair value through profit or loss which is newly adopted in current period.

Financial assets at fair value through profit or loss has two subcategories, including financial assets held for trading and those designated at fair value through profit or loss on initial recognition. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies <sup>2</sup>
HK(IFRIC) – Int 8	Scope of HKFRS 2 <sup>3</sup>
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives <sup>4</sup>
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2006

<sup>3</sup> Effective for annual periods beginning on or after 1 May 2006

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2006

<sup>5</sup> Effective for annual periods beginning on or after 1 November 2006

The adoption of these new HKFRSs had no material effect on the results and financial position of the Group for the current and/or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

### (3) 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, maintenance and agency services, 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:

#### Six Months Ended 30 June 2007

	Property investment HK\$'000 (unaudited)	Hotel operation HK\$'000 (unaudited)	Other operations HK\$'000 (unaudited)	Eliminations HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
<b>REVENUE</b>					
External sales	384,536	1,356,646	171,556	–	1,912,738
Inter-segment sales	12,028	–	10,535	(22,563)	–
Total	396,564	1,356,646	182,091	(22,563)	1,912,738
Inter-segment sales are charged at a mutually agreed price.					
<b>RESULTS</b>					
Segment results	222,300	257,760	174,629		654,689
Unallocated corporate income					57,868
Unallocated corporate expenses					(42,415)
Fair value changes on investment properties	360,734	–	–		360,734
Fair value changes on derivative financial instruments					(2,223)
Fair value changes on held-for-trading investments					12,168
Finance costs					(282,145)
Share of results of associates	–	–	7,667		7,667
Profit before tax					766,343
Income taxes					(152,532)
Profit for the period					613,811



### Six Months Ended 30 June 2006

	Property investment HK\$'000	Hotel operation HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>REVENUE</b>					
External sales	556,434	1,208,432	80,076	–	1,844,942
Inter-segment sales	7,343	–	10,675	(18,018)	–
<b>Total</b>	<b>563,777</b>	<b>1,208,432</b>	<b>90,751</b>	<b>(18,018)</b>	<b>1,844,942</b>
Inter-segment sales are charged at a mutually agreed price.					
<b>RESULTS</b>					
Segment results	371,887	228,259	20,856		621,002
Unallocated corporate income					30,289
Unallocated corporate expenses					(46,334)
Loss on disposal of property investment subsidiaries	(264,620)	–	–		(264,620)
Fair value changes on investment properties	288,750	–	–		288,750
Fair value changes on derivative financial instruments					14,524
Finance costs					(410,148)
Share of results of associates	–	–	5,630		5,630
<b>Profit before tax</b>					<b>239,093</b>
<b>Income taxes</b>					<b>(135,527)</b>
<b>Profit for the period</b>					<b>103,566</b>

#### (4) FINANCE COSTS

	Six Months Ended 30 June	
	2007 HK\$'000	2006 HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings not wholly repayable within five years	<b>32,315</b>	29,364
Interest on bank borrowings wholly repayable within five years	<b>183,950</b>	316,687
Interest on other loans wholly repayable within five years	<b>58,904</b>	58,032
Other borrowing costs	<b>6,976</b>	6,065
	<b>282,145</b>	410,148

## (5) INCOME TAXES

	Six Months Ended 30 June	
	2007 HK\$'000	2006 HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Current period:		
Hong Kong Profits Tax	38,519	31,623
Other jurisdictions	12,326	13,689
	50,845	45,312
Overprovision in prior periods:		
Other jurisdictions	(167)	(211)
Deferred tax:		
Current period	101,854	90,426
	152,532	135,527

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

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

## (6) PROFIT FOR THE PERIOD

	Six Months Ended 30 June	
	2007 HK\$'000	2006 HK\$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation on other property, plant and equipment	45,151	34,397
Depreciation on hotel buildings	80,204	69,366
Fitting-out works of investment properties written off	5,940	–
Loss on disposal of property, plant and equipment	70	–
Amortisation of prepaid lease payment	22,386	22,386
Staff costs, including directors' emoluments	526,465	469,325
and after crediting:		
Interest income	73,498	51,907
Dividend income from Champion REIT	83,315	–
Dividend income from other available for sale investments	495	1,535
Gain on disposal of listed investments	17,387	–
Net exchange gain	8,563	3,703

## (7) DIVIDENDS

	Six Months Ended 30 June	
	2007 HK\$'000	2006 HK\$'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
2006 Final dividend paid – HK25 cents per share	150,268	–
2005 Final dividend paid – HK20 cents per share	–	119,186
	150,268	119,186
Interim dividend declared – HK15 cents per share (2006: HK5 cents per share)	90,687	30,042
2006 Special dividend declared – HK\$5 per share	–	3,004,225
	90,687	3,034,267

During the period, a dividend of HK25 cents (2005: HK20 cents) per share, which included scrip dividend alternatives offered to shareholders, was paid to shareholders as the final dividend for 2006. The scrip dividend alternatives were accepted by the shareholders as follows:

	HK\$'000
Dividends:	
Cash	56,383
Share alternative	93,885
	150,268

## (8) EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	Six Months Ended 30 June	
	2007 HK\$'000	2006 HK\$'000
	(unaudited)	(unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to equity holders of the parent)	613,810	101,603

	Six Months Ended 30 June	
	2007	2006
<b>Number of shares</b>		
Weighted average number of shares for the purpose of basic earnings per share	<b>600,988,034</b>	595,534,230
Effect of dilutive potential shares: Share options	<b>470,441</b>	1,302,202
Weighted average number of shares for the purpose of diluted earnings per share	<b>601,458,475</b>	596,836,432

**(9) MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES**

During the period, the Group had acquired investment properties at a cost of HK\$16,963,000 (2006: Nil). The investment properties with a carrying value of approximately HK\$67,000,000 (2006: HK\$57,249,000) was transferred to property, plant and equipment. The additions of property, plant and equipment during the period was approximately HK\$84,270,000 (2006: HK\$107,163,000).

The fair value of the Group's investment properties as at 30 June 2007 was arrived at on the basis of valuations carried out by independent professional property valuers not connected with the Group:

Investment properties in Hong Kong – Knight Frank Petty Limited

Investment properties in the United States of America – Cushman & Wakefield of California, Inc.

The valuations, which conform to International Valuation Standards, were arrived at using the basis of capitalisation of net rental income and by reference to market prices for similar properties in the relevant period.

**(10) AVAILABLE FOR SALE INVESTMENTS**

Available for sale investments comprise:

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
	(unaudited)	(audited)
Listed securities in Hong Kong:		
– Champion Real Estate Investment Trust (“Champion REIT”)	<b>6,045,742</b>	5,074,104
– Others	<b>61,148</b>	110,826
	<b>6,106,890</b>	5,184,930
Unlisted securities in Hong Kong	<b>19,781</b>	246
	<b>6,126,671</b>	5,185,176

At the balance sheet date, all the listed securities are stated at fair value.

The above unlisted investments represent investment in unlisted equity securities issued by a private entity and club debentures. They are measured at cost less impairment at each balance sheet date.

### (11) TRADE DEBTORS

The Group maintains a defined credit policy. 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. The following is an aged analysis of trade debtors net of impairment losses:

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
	(unaudited)	(audited)
0 – 3 months	224,965	220,320
3 – 6 months	38,582	3,045
Over 6 months	137	1,354
	263,684	224,719

### (12) TRADE CREDITORS

The aged analysis of trade creditors is as follows:

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
	(unaudited)	(audited)
0 – 3 months	124,493	162,060
3 – 6 months	721	658
Over 6 months	3,636	2,477
	128,850	165,195

### (13) DERIVATIVE FINANCIAL INSTRUMENTS

The Group has used interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. Interest rate swap contracts of notional amount HK\$567,800,000 (2006: HK\$1,217,800,000) were entered for periods up to 2009, to swap floating-rate borrowings to fixed-rate borrowings of interest rates ranging from 4.91% to 5.48% (2006: 4.72% to 5.48%).

In addition, the Group had entered into foreign exchange forward contracts to manage the Group's foreign currency exposure.

Changes in fair value of the derivative financial instruments were charged to the condensed consolidated income statement.

## (14) BORROWINGS

	30 June 2007 HK\$'000	31 December 2006 HK\$'000
	(unaudited)	(audited)
Bills payable	5,177	7,555
Bank loans and revolving loans (secured)	8,543,839	8,586,918
Other non-current loans (secured)	1,728,206	1,731,675
	10,277,222	10,326,148
Loan front-end fee	(15,821)	(18,932)
	10,261,401	10,307,216
The maturity of the above loans is as follows:		
On demand or within one year	1,395,116	538,682
More than one year but not exceeding two years	2,677,390	3,466,524
More than two years but not exceeding five years	5,403,770	5,159,409
More than five years	785,125	1,142,601
	10,261,401	10,307,216
Less: Amounts due within one year shown under current liabilities	(1,395,116)	(538,682)
	8,866,285	9,768,534

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	30 June 2007	31 December 2006
	(unaudited)	(audited)
Effective interest rate:		
Fixed-rate borrowings	4.52% to 12.50%	4.52% to 12.50%
Variable-rate borrowings	4.20% to 9.07%	3.75% to 8.75%

**(15) SHARE CAPITAL****(a) Authorised:**

	30 June 2007 (unaudited)		31 December 2006 (audited)	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Shares of HK\$0.5 each Balance brought forward and carried forward	800,000	400,000	800,000	400,000

**(b) Issued and fully paid:**

	30 June 2007 (unaudited)		31 December 2006 (audited)	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Shares of HK\$0.5 each Balance brought forward	600,854	300,427	594,801	297,401
Issued upon exercise of share options under the Share Option Scheme	289	144	2,433	1,216
Issued as scrip dividends	3,354	1,677	3,620	1,810
Balance carried forward	604,497	302,248	600,854	300,427

## (16) DISPOSAL OF PROPERTY INVESTMENT SUBSIDIARIES

On 24 May 2006, the Group disposed of certain property investment subsidiaries to Champion REIT. The net assets of the property investment subsidiaries at the date of disposal were as follows:

	HK\$'000
	(unaudited)
Net assets disposed of:	
Investment properties	22,670,000
Debtors, deposits and prepayments	65,642
Bank balances and cash	256,627
Creditors, deposits and accruals	(92,864)
Provision for taxation	(8,866)
Deferred taxation	(3,291,691)
	19,598,848
Net assets attributable to minority interests	(2,067,282)
	17,531,566
Total consideration satisfied by:	
Cash	10,384,518
Fair value of units of Champion REIT to equity holders of the Company	6,882,428
	17,266,946
Loss on disposal of property investment subsidiaries	264,620
Net cash inflow arising on disposal:	
Cash consideration received	10,384,518
Bank balances and cash disposed of	(256,627)
	10,127,891



### (17) SHARE BASED PAYMENTS

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the current period are as follows:

	Number of share options
Outstanding at 1 January 2007	1,528,000
Granted during the period	3,158,000
Exercised during the period	(289,000)
Cancelled during the period	(117,000)
Lapsed during the period	(6,000)
Outstanding at 30 June 2007	4,274,000

The closing price of the Company's shares immediately before 4 January 2007, the date of grant of the 2007 options, was HK\$21.90.

The fair value of the options determined at the date of grant using the Black-Scholes option pricing model was HK\$7.79.

### (18) COMMITMENTS AND CONTINGENT LIABILITIES

At 30 June 2007, the Group has authorised capital expenditure for acquisition of investment properties and property, plant and equipment which is not provided for in these condensed consolidated financial statements amounting to HK\$157,375,000 (31 December 2006: HK\$86,191,000) of which HK\$156,574,000 (31 December 2006: HK\$85,390,000) was contracted for.

Other than set out above, the Group did not have any significant commitments and contingent liabilities at the balance sheet date.

## (19) RELATED PARTY TRANSACTIONS

- a) The Group had the following significant related party transactions during the period and balances at the balance sheet date with certain companies in which some shareholders and directors of the Company have beneficial interests. The transactions were carried out in the normal course of the Group's business on terms mutually agreed between the parties.

	Six Months Ended 30 June	
	2007 HK\$'000	2006 HK\$'000
	(unaudited)	(unaudited)
<b>Transactions for the period</b>		
Trading income	6,242	911
Rental income	707	824
Management fee received	360	120
Rental charges	300	300
Cost and expenses incurred for super-structural works	20,496	75,482
Payment for renovation works	841	39
	30 June 2007 HK\$'000	31 December 2006 HK\$'000
	(unaudited)	(audited)
<b>Balances as at</b>		
Amount due from associates	12,054	12,377
Debtors, deposits and prepayments	4,325	3,678
Creditors, deposits and accruals	354,485	327,722
Amount due to an associate	677	–

- b) The Group had the following significant transactions with Champion REIT during the period:

	Six Months Ended 30 June	
	2007 HK\$'000	2006 HK\$'000
	(unaudited)	(unaudited)
Manager's fee income	31,384	–
Dividend income	83,315	–
Leasing and marketing services income	14,178	1,403
Acquisition income	9,946	–
	138,823	1,403

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



## TO THE BOARD OF DIRECTORS OF GREAT EAGLE HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information set out on pages 1 to 16 which comprises the condensed consolidated balance sheet of Great Eagle Holdings Limited as of 30 June 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**DELOITTE TOUCHE TOHMATSU**

*Certified Public Accountants*

Hong Kong, 18 September 2007

## INTERIM DIVIDEND

The Board declares payment of an interim dividend of HK15 cents per share (2006: HK5 cents per share and a special interim dividend of HK\$5 per share) for the year ending 31 December 2007 to those Shareholders whose names appear on the Register of Members of the Company on 17 October 2007. Dividend warrants are expected to be despatched to Shareholders on or about 25 October 2007.

## CLOSURE OF TRANSFER BOOKS

The Register of Members of the Company will be closed from Wednesday, 10 October 2007 to Wednesday, 17 October 2007, 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 interim 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 Tuesday, 9 October 2007.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATIONS REVIEW

### 1. Rental Properties

#### Hong Kong Rental Properties

##### (a) Rental Income

	Gross Rental Income (HK\$ million)	
	Jan-Jun 2007	Jan-Jun 2006
Citibank Plaza*	–	146.4
Great Eagle Centre	38.7	30.2
Langham Place		
Office	49.4	26.9
Commercial	150.4	160.5
Convention Plaza Apartments	1.7	1.7
Eaton Houses	18.0	15.5
Others	1.6	1.6
Total	259.8	382.8

\* The Group's interests in Citibank Plaza were disposed of to the Champion REIT upon the latter's public listing. Therefore rental income of Citibank Plaza was no longer attributed to the Group after 23 May 2006.

##### (b) Occupancy

	Occupancy at 30 June 2007		
	Office	Commercial	Residential
Langham Place	96.1%	96.3%	–
Great Eagle Centre	97.7%	100.0%	–
Convention Plaza Apartments	–	–	100.0%
Eaton Houses	–	–	80.0%#

# Average occupancy for six months ended 30 June 2007

### **Langham Place**

The Langham Place Mall has firmly established itself as a favourite destination for shoppers in Kowloon. Both footfall and tenants' sales have continued to show remarkable growth in the first half of 2007. Meanwhile, lease-up of the Mall continued with occupancy increasing to 96.3% as of mid-year 2007 from 95.1% at year-end 2006. However the ongoing readjustment of the tenant mix had a moderate negative impact on the rental income in the first half due to down time incurred in association with turnover in tenancies. Gross Rental Income from the commercial portion of Langham Place amounted to HK\$150.4 million in the first six months of 2007 as compared to HK\$160.5 million in the prior year period. The rental income has nevertheless bottomed out, as the majority of the new leasing and renewal deals struck in the first half of 2007 carry a good percentage increase in rents. The favourable impact of the positive rent reversions should show up in subsequent financial periods. We are now in the final stage of the re-tenanting exercise, with a major international fashion retailer and a supermarket scheduled to open for business in the fourth quarter of 2007. These two anchors will further enhance the appeal of the Mall to shoppers.

We have made tremendous progress in leasing up the Office Tower during the first half of 2007. Occupancy jumped from 74.8% at the beginning of the year to 96.1% as of 30 June 2007, after a major U.S. department store took up 7 floors of space for its global sourcing operations. Rent rates have been fairly stable during the six-month period in view of the sizable volume of new supply coming up in the rest of Kowloon in 2008. However the prevailing market rent rates are considerably higher than the passing rents of leases in the Office Tower that are coming up for renewal in the second half of 2007 and early 2008. Therefore there should be further room for office rental income to grow in the second half of 2007.

### **Great Eagle Centre**

Great Eagle Centre continued to be well occupied during the first half of 2007 with period-end occupancy rates of 97.7% and 100% for the office and retail portions respectively (31 December 2006: 96% and 100%). Significant positive rental reversion on rollover of leases led to a 28.1% increase in gross rental income to HK\$38.7 million for the first six months of 2007 as compared with HK\$30.2 million for the prior year period.

### **Eaton House Furnished Apartments**

Overall performance benefited from the active corporate market, stimulating demand in these serviced apartments. Gradual recovery in occupancy levels was also seen at Blue Pool Road following completion of room renovations at end of April 2007. Average occupancy for the first half was 80% (2006: 71.2%) and rental income was HK\$18.0 million (2006: HK\$15.5 million).

### **U.S. Commercial Properties**

The performance of the California commercial portfolio was hampered by vacancies at 353 Sacramento Street (14% as of 30 June 2007) and 150 Spear Street (23%), where a number of large tenants paying above-market rents departed in 2006. While some of the space has been re-let, the new leases did not begin until middle and latter part of 2007 and they pay significantly lower rent rates. Gross rental income for the four properties in the first half of 2007 amounted to HK\$82.4 million, down 19.6% from that of HK\$102.5 million for the prior year period. We are expecting progress with leasing in the second half of 2007 with its effect being seen in 2008.

## **2. Investment in Champion Real Estate Investment Trust**

We held approximately 48.3% of the units in Champion REIT as of 30 June 2007. The performance of the REIT in the first six months of 2007 benefited from the continuing strength of the office leasing market in Hong Kong. Total income attributable to the Group in respect of this investment amounted to HK\$138.8 million for the first half of 2007.

### 3. Hotels

The Hotels Division achieved positive growth during the first six-months of this year as total revenue rose 12% to HK\$1.4 billion from HK\$1.2 billion last year. Focus on capturing high-yield corporate and retail business leading to double digit increase in revenue per available room in many properties was supported by enhancement of the booking system. The three hotels in Hong Kong saw robust performance underpinned by a buoyant economy. Melbourne and Auckland benefited from better market penetration and a good lodging market. London suffered slower growth than predicted with a soft citywide meeting and conference market, while Boston also saw fewer city conventions.

For the remainder of 2007, the completion of refurbishment projects in various hotels will continue to position the Langham brand high in every market that we do business.

To further develop our hotel business, we have successfully secured three management contracts in key cities in China under the Langham Place brand. We will continue to seek further expansion in China and other parts of Asia.

Total net operating profit from the Hotels Division for the first half of 2007 increased 14% to HK\$392 million from HK\$345 million in 2006.

#### **Langham Hotel, Hong Kong**

Stable results were achieved as the hotel continued to capitalize on the high-yielding corporate market, which contributed 65% of the total business. For the first 6 months of 2007, the hotel achieved an average occupancy of 84% (2006: 87%) and an average room rate of HK\$1,444 (2006: HK\$1,285).

The completion of the first phase of the room renovation programme in the second half of the year will enable the hotel to enhance its competitive position in the market.

#### **Langham Place Hotel, Hong Kong**

Performance continued to strengthen on the back of high brand satisfaction and growing high end retail base, delivering significant market share gains that resulted in a sharp 18% rise in average room rate to HK\$1,240 for the first half of 2007 (2006: HK\$1,049). Average occupancy also improved to 87% (2006: 83%). All food and beverage outlets turned in excellent results.

#### **Eaton Hotel, Hong Kong**

Revenue growth for the first half of the year benefited from the vibrant economy and steady increase in Internet bookings as well as strong meetings and conference activities. The combination of targeting high-yield corporate and retail market and reducing contracted leisure groups has resulted in average room rate rising 15% to HK\$820 in the first six months of 2007 (2006: HK\$712) while occupancy remained stable at 87% (2006: 88%). Food and beverage outlets were well supported by numerous corporate meetings and wedding functions.

Refurbishment programmes in rooms and outlets are scheduled for the latter half of 2007 to deliver higher quality products for further market share gains.

#### **Langham Hotel, London**

Softer than forecast performance for the first half of 2007 resulting from weaker demand in citywide meetings and conferences and disruption from the renovation works underway. Occupancy for the first 6 months of 2007 slipped to 68% (2006: 73%) but average room rate rose to £187 (2006: £169).

Phased renovation is ongoing to re-position the hotel as the flagship property for the Langham brand and one of the leading luxury brands in London. The renovation programme will run until the end of 2008.

### **Langham Hotel, Boston**

The city of Boston was impacted by fewer conventions during the first half of the year reducing the demand from business travelers. Revenue Per Available Room at the Langham has however continued to grow in the first half of 2007 as the recent completion of room renovation has supported average room rate growth of 9% to US\$238 (2006: US\$218) though average occupancy declined moderately to 68% (2006: 72%).

### **Langham Hotel, Melbourne**

The hotel posted good performance and healthy Revenue Per Available Room growth spurred by good market penetration and several major international events. For the first 6 months of 2007, the hotel achieved an average occupancy of 83% (2006: 79%) and an average room rate of A\$232 (2006: A\$215).

Renovated food and beverage outlets have received good publicity and favourable guest comments allowing the hotel to strategically price itself at the top end of the market. Planned refurbishment of the banquet rooms in the second half of the year will help position the hotel to capture a larger share of the lucrative meeting & conference market.

### **Langham Hotel, Auckland**

Since the completion of the room and lobby refurbishment project in the first quarter of 2006, the hotel has gained substantial market share and is more widely recognized as one of the best five-star hotels in Auckland. This has boosted hotel's performance for the first half of 2007 as improvement in revenue came from targeting corporate, meetings and conference businesses while displacing lower yield aircrew business. For the first 6 months of 2007, the hotel achieved an average occupancy of 77% (2006: 70%) and average room rate of NZ\$162 (2006: NZ\$140). Strong catering sales also contributed significantly in sustaining the revenue flow.

### **Delta Chelsea Hotel, Toronto**

Both occupancy and room rates for the first half of 2007 remained in line with last year, as the hotel faced keen competition from recently renovated properties in the vicinity. For the first 6 months of 2007, the hotel achieved an average occupancy of 67% (2006: 68%) and average room rate of C\$138 (2006: C\$134).

## **4. Trading**

In the first half of 2007, competition in the construction material business in Hong Kong remained heated with a general reduction in the construction of new commercial and residential buildings. The Trading Division continued to seek diversification of the business by exploring the China and Macau markets as well as the home appliances market in Hong Kong. Revenue for the first six months of 2007 increased by HK\$25.3 million to HK\$50.5 million.

## **5. Property Management**

The revenue received from property management activities for the first 6 months of 2007 amounted to HK\$10.0 million, which was 9.9% higher than that of last year, as a result of increase in manager's remuneration.

The revenue of the Engineering section for the first half of 2007 rose to HK\$18.6 million, as compared to that of HK\$9.0 million for the same period in 2006. The increase was due to more jobs generated from tenants of the Group's office buildings and gradual pick up of the fire services installation business.



## FINANCIAL REVIEW

### 1. Debt

Our gross debts denominated in HK dollars amounted to HK\$6,342 million as of 30 June 2007, all of which was on floating rate basis. Our foreign currency gross debts as of 30 June 2007 amounted to the equivalent of HK\$3,920 million, of which the equivalent of HK\$1,250 million, or 32% of our foreign currency debts, was on fixed-rate basis. Net of cash and bank deposits totaling the equivalent of HK\$3,253 million, our consolidated Net Attributable Debt outstanding as of 30 June 2007 was HK\$7,010 million, a decrease of HK\$44 million from that of HK\$7,054 million as of 31 December 2006.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 30 June 2007 and the depreciated costs of the Group's hotel properties, amounted to HK\$21,695 million as of 30 June 2007. The resulting gearing ratio at 30 June 2007 was 32%, which implies a loan-to-value ratio of 24%.

As at 30 June 2007, we had outstanding interest rate swaps with a total notional principal of HK\$568 million equivalent.

### 2. Finance Cost

The net finance cost of HK\$208 million incurred in the first half of 2007, a decrease of HK\$150 million from the HK\$358 million for the prior year period, as a result of the decrease in borrowings after receipt of the proceeds from the Champion REIT IPO.

Interest cover for the first half of 2007 was 3.71 times, as compared with 1.93 times for the same period last year.

### 3. Liquidity and Debt Maturity Profile

As of 30 June 2007, our cash, bank deposits and committed but undrawn loan facilities amounted to a total of HK\$5,514 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 30 June 2007:

Within 1 year	13.7%
1-2 years	26.1%
3-5 years	52.6%
More than 5 years	7.6%

### 4. Pledge of Assets

At 30 June 2007, properties of the Group with a total carrying value of approximately HK\$24,456 million (31 December 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\$334 million (31 December 2006: HK\$326 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

## 5. Commitments and Contingent Liabilities

At 30 June 2007, the Group has authorised capital expenditures not provided for in these financial statements amounting to approximately HK\$157 million (31 December 2006: HK\$86 million) of which approximately HK\$156 million (31 December 2006: HK\$85 million) was contracted for.

Other than set out above, the Group did not have any significant commitments and contingent liabilities at 30 June 2007.

## SUMMARY AND OUTLOOK

The spin-off of our interests in Citibank Plaza by way of the Champion REIT floatation in May 2006 has delivered the desired results. The significant reduction in our debts was also largely responsible for the HK\$149.6 million reduction in net financial expenses for the first six months of 2007. In view of the favourable rental reversion trends at Citibank Plaza, the income and cashflow of Champion REIT are poised for significant growth in the second half of 2007 and in the subsequent years. This should lead to a proportionate increase in dividend in favour of the Group. Champion REIT should therefore become an increasingly more important source of income for the Group in the coming several years.

Our hotels in Hong Kong will be the main drivers of the performance of the Hotels Division in the second half of 2007. We are expecting good growth in the overall profitability of the hotel portfolio for the year, albeit at a more moderate rate as compared to 2006. At the same time we will be seeking further development of our hotel business by leveraging on the Langham brand, which has been gaining wider recognition in China and other Asian countries. We have made a good start by securing a number of hotel management contracts in key cities in China. We are encouraged by the prospects of this business but recognize that it will take time to build up a critical mass of properties as well as the income stream.

The Langham Place Mall has been gaining popularity among shoppers, with an ever-improving offering of retail shops and restaurants. By the end of this year, the tenant-mix refinement initiative will have been largely completed. The present favourable rental reversion trends should support good growth in income for the Mall in the coming year.

The Office Tower of Langham Place and Great Eagle Centre are both almost fully leased. This should mitigate the potential market risk associated with an increase in new supply of office buildings from 2008 onwards. The current rent reversionary patterns of these two properties also point to further growth in their rental income in the coming year.

## STAFF

The total number of employees in the Group was 3,943 as of 30 June 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, regular meetings of general staff with senior management have been arranged for the period, with particular emphasis on performance management.

## DIRECTORS' INTERESTS

As at 30 June 2007, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations as recorded in the register required to be kept under Section 352 of Part XV of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong ("SFO") were as follows:

### The Company

Name of Director	Personal interests	Family interests	Corporate interests	Number of shares (Long Positions)		Percentage of issued share capital	*Outstanding share options	Other derivative interests
				Other interests	Total			
Lo Ka Shui	7,622,002	-	26,451,664 Note (6)	238,178,966 Note (1)	272,252,632	45.04	900,000	2,614,744 Note (9)
Lo Kai Shui	-	-	513,113 Note (7)	197,503,146 Note (1)	198,016,259	32.76	400,000	-
Lo To Lee Kwan	944,851	-	4,342,287 Note (8)	-	5,287,138	0.87	-	-
Cheng Hoi Chuen, Vincent	-	10,000	-	-	10,000	-	-	-
Lo Hong Sui, Antony	2,942	-	-	-	2,942	-	250,000	-
Law Wai Duen	242,596	-	-	197,503,146 Note (1)	197,745,742	32.71	150,000	-
Lo Hong Sui, Vincent	293	-	-	-	293	-	-	-
Lo Ying Sui, Archie	3,855,046	3,700	33,269,396 Note (3)	197,503,146 Note (1)	234,631,288	38.81	-	-
Kan Tak Kwong	848,070	-	-	-	848,070	0.14	420,000	-

\* Details of share options granted to Directors are hereinafter stated under the heading of Share Option Scheme.

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' INTERESTS

As at 30 June 2007, the following Shareholders, not being Directors of the Company, were recorded in the register of interests and short positions in the shares or underlying shares kept under Section 336 of Part XV of the SFO as having an interest in 5% or more of the issued share capital of the Company:

Name of Shareholder	Number of shares (Long Positions)	Percentage of Issued share capital	Notes
KSL Management Limited	40,675,820	6.73	(2)
Surewit Finance Limited	40,675,820	6.73	(2)
Adscan Holdings Limited	33,269,396	5.50	(3)
HSBC International Trustee Limited	237,600,575	39.31	(4)
Powermax Agents Limited	143,082,768	23.67	(5)
Cohen & Steers, Inc.	30,191,166	5.00	–

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 238,178,966 shares of Dr. Lo Ka Shui were the same parcel of shares.
- (2) 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. The said shares were held for a discretionary trust of which Dr. Lo Ka Shui was the founder.
- (3) 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.
- (4) 197,503,146 shares of the 237,600,575 shares were the same parcel of shares as described in Note (1). HSBC International Trustee Limited ("HKIT"), as trustee of a discretionary trust in which the persons mentioned in Note (1) 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 (2). The 2 companies mentioned in Note (2) were the wholly-owned subsidiaries of HKIT. The remaining shares were held by other trusts for which HKIT acted as the trustee.
- (5) 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.
- (6) These 26,451,664 shares were held by a company in which Dr. Lo Ka Shui had entire interest.
- (7) These 513,113 shares were held by a company in which Mr. Lo Kai Shui had entire interest.
- (8) These 4,342,287 shares were held by a companies in which Mrs. Lo To Lee Kwan had entire interest.
- (9) Dr. Lo Ka Shui and a company in which Dr. Lo had entire interest have entered certain agreements to purchase Structured Note linked to shares in the Company covering a total of 2,614,744 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).

## SHARE OPTION SCHEME

During the six months ended 30 June 2007, movements of the share options granted to Directors (some are also substantial shareholders) under the Company's share option scheme as required to be disclosed according to Rule 17.07 of the Listing Rules were as follows:

Name of Director	*Year of grant of options	Number of shares					Options lapsed at 28/01/2007	Outstanding options at 30/06/2007
		Outstanding options at 01/01/2007	Options granted	Options exercised	Options cancelled			
LO Ka Shui	2005	300,000	-	-	-	-	300,000	
	2007	-	600,000	-	-	-	600,000	
		300,000	600,000	-	-	-	900,000	
LO Kai Shui	2005	200,000	-	-	-	-	200,000	
	2007	-	200,000	-	-	-	200,000	
		200,000	200,000	-	-	-	400,000	
LO Hong Sui, Antony	2005	50,000	-	-	-	-	50,000	
	2007	-	200,000	-	-	-	200,000	
		50,000	200,000	-	-	-	250,000	
LAW Wai Duen	2005	50,000	-	-	-	-	50,000	
	2007	-	100,000	-	-	-	100,000	
		50,000	100,000	-	-	-	150,000	
KAN Tak Kwong	2005	120,000	-	-	-	-	120,000	
	2007	-	300,000	-	-	-	300,000	
		120,000	300,000	-	-	-	420,000	
	Total:	720,000	1,400,000	-	-	-	2,120,000	

During the six months ended 30 June 2007, movements of the share options granted to the Company's employees (including the abovenamed five Directors) as required to be disclosed according to Rule 17.07 of the Listing Rules were as follows:

*Year of grant of options	Number of shares					Outstanding options at 30/06/2007
	Outstanding options at 01/01/2007	Options granted	Options exercised	Options cancelled	Options lapsed at 28/01/2007	
2002	11,000	–	5,000	–	6,000	–
2003	15,000	–	–	–	–	15,000
2004	35,000	–	12,000	–	–	23,000
2005	1,467,000	–	272,000	66,000	–	1,129,000
2007	–	3,158,000	–	51,000	–	3,107,000
	1,528,000	3,158,000	289,000	117,000	6,000	4,274,000

\* Details of Options granted in each year

Year	Date of grant	Vesting period	Exercise period	Subscription price per share (HK\$)
2001	16/01/2001	16/01/2001 – 16/01/2006	17/01/2003 – 16/01/2006	13.392
2002	28/01/2002	28/01/2002 – 28/01/2007	29/01/2004 – 28/01/2007	8.440
2003	10/02/2003	10/02/2003 – 10/02/2008	11/02/2005 – 10/02/2008	4.625
2004	16/03/2004	16/03/2004 – 16/03/2009	17/03/2006 – 16/03/2009	13.550
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

Notes:

- (1) Options were granted under the Great Eagle Holdings Limited Share Option Scheme adopted on 10 June 1999.
- (2) Consideration paid for each grant of option was HK\$1.00.
- (3) The closing price of the shares of HK\$0.50 each of the Company quoted on the Stock Exchange on 3 January 2007, being the business day immediately before the date (4 January 2007) on which share options were last granted, was HK\$21.9.
- (4) The weighted average closing price of the shares immediately before the dates on which the options were exercised was HK\$28.68.
- (5) The fair value of all the options granted under the relevant share option scheme in the current period, measured at the date of grant (4 January 2007), totalled approximately HK\$24,600,820. The following significant assumptions were used to derive the fair value, using the Black-Scholes option pricing model:

Expected volatility	:	41.76% based on historical volatility
Expected dividend yield	:	1.4% based on historical dividends
Expected life	:	5 years from grant date
Risk free interest rate	:	3.82% being the approximate yield of 5-year Exchange Fund Note on the grant date

The Black-Scholes option pricing model was developed to estimate the fair value of traded options which do not have vesting restrictions and are fully transferable. This pricing model requires the input of highly subjective assumptions, including the volatility of the share price. As the Company's options are different from traded options and because changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the model does not necessarily provide a reliable single measure of the fair value of the share options.

All the options forfeited before expiry of the options will be treated as lapsed options under the relevant share option scheme.

Based on the closing price of the Company's share on the date of grant and the above assumptions, the computed fair value under the options granted during the period was approximately HK\$7.79 per option share.

## PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

## AUDIT COMMITTEE

The financial statements for the six months ended 30 June 2007 have been reviewed by the Audit Committee of the Company.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six-month period ended 30 June 2007, the Company had complied with the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules except certain deviations and, where appropriate, adopted some of the recommended best practices throughout the period under review.

The following deviations from the CG Code provisions in respect of which remedial steps for compliance have been taken or considered reasons are given below.

### **CG Code Provision A.2.1**

#### **Chairman and Chief Executive Officer ("CEO")**

This CG Code provision requires that the roles of chairman and CEO should be separate and should not be performed by the same individual.

Dr. Lo Ka Shui is the Chairman of the Board and is also holding the office of Managing Director. This is a deviation from Code Provision A.2.1. The Board considered appropriate to continue the consistent leadership of the Company as it will allow for efficient discharge of the executive functions of the CEO. 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 three Independent Non-executive Directors.

### **CG Code Provision A.4.1 and A.4.2**

#### **Appointments, Re-Election and Removal**

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

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 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 directors 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 directors are by statute not required to retire by rotation. After due consideration, the Board considers that it is not appropriate to propose any amendment to The Great Eagle Holdings Limited Company Act, 1990 simply to require the Chairman and Managing Directors of the Company to retire by rotation.

## **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 Listing Rules. 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 period under review.

By Order of the Board

**LO Ka Shui**

*Chairman and Managing Director*

Hong Kong, 18 September 2007





Great Eagle Holdings Limited  
鷹君集團有限公司

33rd Floor, Great Eagle Centre  
23 Harbour Road  
Wanchai, Hong Kong  
Tel: 2827 3668 Fax: 2827 5799

香港灣仔港灣道23號  
鷹君中心33樓  
電話：2827 3668 傳真：2827 5799

[www.greateagle.com.hk](http://www.greateagle.com.hk)