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)

2009 ANNUAL RESULTS ANNOUNCEMENT

Financial Highlights

	2009 HK$ (Million)	2008 HK$ (Million)	Change
Revenue	3,958	4,750	-16.7%
Statutory Profit attributable to equity holders	1,183	72	n/m
Core Profit after tax	1,276	1,150	10.9%
Core Profit after tax (per share)	2.07	1.89	9.5%
Book Value (per share)	35.89	29.48	21.7%
Final Dividend (per share)	HK$0.35	HK$0.35	
Interim Dividend (per share)	HK$0.17	HK$0.20	
Special Interim Dividend (per share)	-	HK$2.70	
Total Dividend (per share)	HK$0.52	HK$3.25	

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 2009 as follows:

OVERVIEW

Set against a volatile background in 2009, the Group managed to achieve a core profit of HK$1,276 million for 2009, a growth of 10.9% over core profit of HK$1,150 million for 2008.

The increase in core profit was driven by an increase of HK$115 million in dividend from the Champion Real Estate Investment Trust (the “REIT”), lower net interest expense, which dropped by HK$176 million, and the absence of further write-off of fixed assets associated with hotel renovation, which came to HK$139 million in 2008. Core profit in 2009 was also helped by a one-off write-back of overprovided construction costs for Langham Place, which amounted to HK$105 million.

The Langham Place Mall and Office Tower were injected into Champion REIT in June 2008. Whereas about five months’ rental income from the properties amounting to HK$218 million was booked in the 2008 accounts, none was recorded for 2009. Mainly as a result of this factor, net rental income from investment properties decreased to HK$164 million in 2009 from HK$338 million in 2008. Net rental income from other investment properties in Hong Kong was down moderately from HK$122 million in 2008 to HK$114 million in 2009 as higher income from Great Eagle Centre was offset by lower income from the furnished apartments. At the properties in the United States, gross rental income was stable at HK$114 million for 2009 as compared to HK$117 million for 2008. With lower re-letting expenses incurred in 2009, net rental income from the properties in the United States has in fact increased from HK$37 million in 2008 to HK$51 million in 2009.

Contribution from Champion REIT increased 4.4% year-on-year to HK$848 million in 2009. A higher dividend income of HK$579 million was received from the REIT in 2009 (2008: HK$464 million), the increase in dividends income was due to additional rental income from the newly acquired Langham Place properties, as well as an increased stakeholding in the Champion REIT after taking scrip distributions in place of part of the cash distributions. The dividend increase was more than offset lower asset management fees of HK$205 million received from the REIT for 2009, as compared to HK$285 million for 2008. The 2008 management fee income included a one-time fee of HK$125 million in relation to the acquisition of Langham Place properties by the REIT. Excluding this one-off item, management income would have increased by 28% year-on-year.

Performance of the Hotels Division was adversely impacted in a significant way during 2009 amid an incredibly difficult economic environment. That was particularly the case in the first half of the year, when both corporate and leisure travel was substantially curtailed. A slight improvement in the operating environments was seen by some of the Group’s hotels from the latter part of 2009, with Revenue Per Available Room (RevPAR) declined in the second half of the year that were not as steep as that experienced in the first half of 2009.

Nevertheless, the second half of 2009 was another challenging period, with room rates under significant pricing pressure. Revenue from the Hotels division dropped by 16% year-on-year to HK$2,570 million in 2009, strong cost-reduction measures were quickly initiated, which mitigated the decline in the performance of the Hotels Division. Operating profit from the Hotels Division dropped 34.8% year-on-year to HK$429 million in 2009.

The Group's plan to expand the presence of the hotel brand in key cities around the world was slowed down in 2009 by the financial turmoil. After the opening of The Langham Yangtze Boutique in Shanghai, in the first half of 2009, only one other hotel, the Langham Place Samui opened in December 2009. Both hotels are operated under pure hotel management contracts with no equity investment from the Group.

We have at the same time been taking advantage of the weak external environment to further grow the hotel portfolio. In 2009, we have added a total of five new hotel management contracts to the pipeline.

While the state of the economy has had a negative impact on the Group's business, the Group was able to accomplish several significant milestones, with the most important one being the acquisition of a site in Dalian, China. The site has been earmarked for mixed-use development, which will help to strengthen and expand the Group's asset base. Given the rapid growth in China's real estate market, the Group believes this investment will help it to capitalize on such a growth trend.

Despite being one of the most difficult years over the past decade, the Group maintained its strong financial position, with cash and investments in liquid instruments amounted to HK$2,646 million as at the end of December 2009. Net debt increased over the second half of 2009, and stood at HK$1,867 million as at the end of 2009. The increase in net debt was primarily driven by payment on land premium relating to the Dalian project.

BUSINESS REVIEW

Hotels

Extending the extremely weak demand for rooms from the fourth quarter of 2008, there was little change on the situation over the first half of 2009, with both room and occupancy rates were under significant pressure. In particular, the Group's hotels in the United States were the worst affected. Nonetheless, most markets have begun to show cautious signs of recovery in the latter part of 2009, and the rate of revenue decline has narrowed in the second half of 2009. Revenue from the Hotels Division came to HK$2,570 million in 2009, representing a year-on-year decline of 16%.

HONG KONG OPERATIONS

The Langham, Hong Kong

Weak market conditions coupled with a fear of the swine flu in April 2009 have contributed to a significantly pullback in demand for rooms from the corporate sector. Despite a drop in Food and Beverage revenues, the implementation of tighter cost controls actually lifted profit derived from the Food and Beverage department in 2009.

For the year 2009, the hotel achieved an average occupancy of 73% (2008: 81%) and an average room rate of HK$1,431 (2008: HK$1,742).

Langham Place, Hong Kong

Cutback in corporate and leisure travel amid a difficult operating environment dragged down performance for the hotel, the negative momentum reversed with strengthening business volumes from the fourth quarter of 2009. Revenues from Food and Beverage trailed behind last year due to reduced demand. Nevertheless, profit from the Food and Beverage department was steady when compared with that last year, given the implementation of a rigorous cost tightening programme.

For the year 2009, the hotel achieved an average occupancy of 76% (2008: 84%) and an average room rate of HK$1,204 (2008: HK$1,442).

Eaton Hotel, Hong Kong

Due to lacklustre demand and intensified market pressure, room rate at the Eaton Hotel has dropped the most amongst our Hong Kong hotels in 2009. Average room rate dropped by 22% compared with that achieved in 2008. The lower room rate achieved was in part due to increased contribution from the lower yielding segment. Profit from the Food and Beverage department, on the other hand, has shown an increase when compared with that achieved last year, driven by cost reduction and hence improved margins for the Food and Beverage department.

For the year 2009, the hotel achieved an average occupancy of 78% (2008: 89%) and an average room rate of HK$721 (2008: HK$921).

INTERNATIONAL OPERATIONS

The Langham, London

Compared with the rooms available in 2008, when there was an average of 162 rooms available for let, the number of rooms that became available for let increased steadily over 2009, after completion of the main refurbishment programme. From June 2009, 284 rooms were available, and all the 382 rooms were available from September 2009. With the much upgraded public areas, function rooms and Palm Court restaurant, the re-launched of the rooms were well received and a nice increase in all revenue streams was witnessed in the fourth quarter of 2009.

For the year 2009, the hotel achieved an average occupancy of 61%, based on a weighted average of 284 available rooms in 2009, compared to an occupancy rate of 68% achieved in 2008, when there were only 162 available rooms. The average room rate achieved for 2009 was £219 (2008: £243).

The Langham, Boston

In the first half of 2009, the Boston hotel was one of the most impacted from the financial turmoil, given its reliance on guests from the financial sector. The situation reversed dramatically in the second half of 2009, when demand for rooms from the financial sector picked up sharply, and the hotel turned to a profit in the second half of 2009. Food and Beverage revenues recorded a growth of 14% year-on-year, mainly attributed to increased wedding business and the opening of a new restaurant in January 2009.

For the year 2009, the hotel achieved an average occupancy of 59% (2008: 65%) and an average room rate of US$212 (2008: US$250).

The Langham, Melbourne

Of the Group's overseas hotels, performance at the Langham, Melbourne held up better than others, as the city continued to host numerous large scale events to attract domestic and international travellers. The hotel also increased guests from the higher yielding retail segment, which helped to offset a reduction in demand from corporates. Average room rate for the hotel held up in 2009, whereas occupancy rate dropped by 9.1 percentage points year-on-year in 2009. Although the catering business was affected by the reduction in corporate activities, revenues from Food and Beverage was steady on solid restaurants revenue.

For the year 2009, the hotel achieved an average occupancy of 67% (2008: 76%) and an average room rate of A$260 (2008: A$264).

The Langham, Auckland

The renovation of the ballroom and part of the hotel rooms from the middle of 2009 had negatively impacted the hotel's results. Nevertheless, the Group expects the renovated ballroom will enhance and expand the hotel's catering facilities, which will better position the hotel to capture more catering business in the future. The new Chuan Spa, which opened in the second quarter of 2009, is now recognized as one of the best wellness centres in New Zealand.

For the year 2009, the hotel achieved an average occupancy of 62% (2008: 68%) and an average room rate of NZ$168 (2008: NZ$174).

The Langham Huntington

The significant withdrawals of corporate travel and events have resulted in double-digit declines in all revenue streams for the hotel. The low occupancy for the hotel has put tremendous pressure on profitability for the hotel. Nevertheless, there were some signs of business pick-up during the fourth quarter of 2009 from citywide events and group business.

For the year 2009, the hotel achieved an average occupancy of 47% (2008: 57%) and an average room rate of US$224 (2008: US$244).

Delta Chelsea

Impact from the financial crisis began to significantly affect the Hotel's operating results early in the year with declines in both occupancy and room rate. Corporate and group activities remained quiet during the year and the hotel reacted with marketing activities to secure more leisure travellers to sustain business volume. Revenues from Food and Beverage also slowed on lower occupancy level and reduced corporate events and banquets.

For the year 2009, the hotel achieved an average occupancy of 66% (2008: 73%) and an average room rate of C$122 (2008: C$139).

Investment in the Champion REIT

Income from Champion REIT increased 4.4% from HK$812 million in 2008 to HK$848 million in 2009.

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 reflects the distribution declared by the Champion REIT for the immediately preceding six-month period. Therefore the income statement for 2009 recognised the distribution paid by Champion REIT for the second half of 2008 and the first half of 2009. On that basis, distribution income from Champion REIT increased by 24.7% year-on-year to HK$579 million. The increase in distribution income was due to additional rental income from the newly acquired Langham Place properties, and an increase in stakeholding in the Champion REIT after taking scrip distributions in place of part of the cash distributions. Asset and leasing management fee income, on the hand, decreased from HK$348 million in 2008 (which included a HK$125 million one-time acquisition fee in relation to the purchase of the Langham Place properties) to HK$269 million in 2009. Excluding the impact of the non-recurrent acquisition fee, however, asset and leasing management income from the REIT would have increased by HK$46 million or 21% year-on-year in 2009.

On 22 February 2010, the Champion REIT reported a total distribution of HK$1,312 million for the full year of 2009, and declared a final distribution of HK$0.131 per unit for the second half of 2009, which will be recognised in the Group's results of 2010.

The following are excerpts from Champion REIT's 2009 annual results announcement relating to the performance of the REIT's properties:

Citibank Plaza

As financial institutions downsized in 2009, there was intense competition for office tenants in Central. Spot rental rates achieved at Citibank Plaza retreated from their peak of HK$120 per sq. ft. to near HK$75 per sq. ft. at the end of the year. The occupancy rate at Citibank Plaza weakened to 87.6%, as compared to 97.9% a year earlier, mainly as a result of relocation decisions made by some cost-sensitive tenants early in 2009 at the height of the financial turmoil.

Passing rental rates (the average rental rate of existing contracted tenancies) at Citibank Plaza continued to see an improvement in the first half of 2009, as the rent rates achieved on leases rolled over in 2009 were on the average higher than the passing rents of expired leases that were signed in 2006. A peak was reached in July as negative rental reversions began to have a greater effect. The progressively lower spot rental rates in the following months resulted in a passing rent of HK$90.07 per sq. ft. in December 2009.

Langham Place Office Tower

In contrast to the phenomenon of tenant downsizing in Central, the office rental market on the Kowloon Peninsula was more affected by an overhang of new space launched in the Kowloon East sub-region. Langham Place's reputation as a proven quality development and its attractive subway location allowed the Office Tower to maintain its occupancy at a high level throughout 2009. As of 31st December 2009, the occupancy stood at 98.5%. The office rental rates on the Kowloon Peninsula were however constrained by an overhang of new supply in the Kowloon East districts. The spot rent rates for office space at Langham Place at year-end 2009 ranged from now HK$23 to HK$32 per sq. ft., depending on the floor level and the users' location sensitivity, as compared to HK$32 to HK$40 per. sq. ft. as of December 2008. The passing rent rate was maintained at roughly the same levels throughout 2009 despite the fall in spot rents, as the new rental rates were in line with the existing passing rental rate, and also because only a relatively small proportion (approximately 6% by floor area) of the leases were rolled over in 2009.

Langham Place Mall

Langham Place Mall performed admirably in 2009 reinforcing its status as one of the most popular shopping malls in Kowloon. After a momentary slowdown in tenant sales from the H1N1 influenza scare in the second quarter, the sales momentum of the Mall bounced back quickly in the second half. The Mall remained virtually fully let throughout 2009 and ended the year with an occupancy rate of 100%. Footfall, or the number of visitors, for 2009 was maintained at the high levels of 2008. The resilience of Langham Place Mall was largely the result of its ever-improving mix of quality retailers, which has enhanced its popularity among local shoppers and tourists alike. The Mall's creative promotion and events, including two highly successful mall-wide sale events in April and October 2009 - the first of its kind among shopping centres in Hong Kong, have also generated a considerable amount of goodwill with the retailers. As a result, the majority of leases that fell due during the year were rolled over with increases in their rental. Average passing rent rate of the mall managed to increase to HK$88.61 per lettable sq. ft. by the end of the year.

Development Properties

Dalian Project

On 15 October 2009, the Group acquired a development site in Renmin Road East in the city of Dalian. The site, with a gross developable floor area of approximately 286,000 sq. metres, was acquired through auction for approximately RMB734 million. We believe the accommodation value of just over RMB2,500 per sq. metre is very reasonable for this prime site.

The site has been earmarked for mixed-use development, which will comprise a luxury international hotel and high-end apartments. As at the end of 2009, the Group has paid RMB520 million (equivalent to HK$591 million) as part of the deposit for the site acquisition and the rest of the land cost is expected to be paid in the second quarter of 2010. It is intended that the site will be developed in several phases with proceeds from pre-sales to fund part of the development cost. Preparations for the development are already under way with the principal consultants having been appointed. Foundation works are expected to begin in the middle of 2010.

It is the intention of the Group to invite joint venture investors to participate in the project, with the Group acting as the asset and project manager with remuneration and profit sharing. This should enhance the return on the Group's equity investment in the project.

Hong Kong Commercial Properties

Great Eagle Centre

After a slow start in 2009 for leasing activities, the situation reversed dramatically in the second half, when demand from Mainland Chinese companies and other small and medium size companies picked up strongly. As a result, the vacancy rate was brought down and the downward rental trend was quickly reversed. The property actually ended the year with achieved rent rates higher than those at the beginning of the year.

Gross rental income of the property grew by 10% year-on-year from HK$92 million to HK$101 million in 2009. However, due to costs incurred for relocating and upgrading the cooling water pumping facilities, net rental income increased only 1% year-on-year to HK$90 million for 2009. The relocation of the pumping system was requested by the Government as part of the Central-Wanchai reclamation project.

As at the end of 2009, occupancy rate at Great Eagle Centre stood at 99.4%, as compared to 93.6% as at the end of 2008.

Eaton House Furnished Apartments

Continuing the lackluster demand for furnished apartments from the fourth quarter of 2008, the performance of the Group's furnished apartments continued to come under pressure in 2009. A surge in supply of furnished apartments on the Hong Kong Island side further exacerbated the already weak leasing environment, with occupancy for the Group's furnished apartments falling 21 percentage points year-on-year to 57% as at the end of 2009. Net rental income dropped 32% from HK$25.5 million in 2008 to HK$17.4 million in 2009.

United States Commercial Properties

Due to lower occupancy at 500 Ygnacio, which fell from 87% at year-end 2008 to 75% at the end of 2009, gross rental income from properties in the United States dropped 2.5% from HK$117.1 million in 2008 to HK$114.1 million in 2009. Gross rental income from 353 Sacramento and 2700 Ygnacio were steady in 2009, with occupancy rates of 95% and 96% respectively as at the end of 2009. Net rental income however increased from HK$36.9 million in 2008 to HK$50.7 million in 2009, mainly due to lower re-letting costs.

OUTLOOK

After a challenging and difficult year in 2009, the world economies have stabilized. The China economy has been particularly strong. Nevertheless, certain risks remain in the year ahead, as the recovery has been uneven globally. The impact of the potential withdrawal of government stimuli will also add uncertainties to the environment that we operate in. Therefore there will continue to be volatility in the performance of some of our business segments in the near term. Notwithstanding these challenges, we have well positioned ourselves to benefit from an improving economy and to capitalize on new opportunities for growth.

At the beginning of 2010, the Central Grade-A market appears to be bottoming out in terms of both occupancy and rent rates. The present vacancy rate at Citibank Plaza is higher than the general market. However, the level of enquiries received at Citibank Plaza has evidently picked up in early 2010 though it may take time to translate the enquiries into actual occupancy. With an additional 18.2% of the leases in Citibank Plaza by floor area falling due in 2010, it may be possible for vacancies to go further up from the present level before they come down again. That will have a negative impact on the income of Citibank Plaza in 2010. Nevertheless, with the economy recovering, and the shortage of new supply in Central for a long time to come, Citibank Plaza should be well positioned to return to high occupancy in the ensuing up cycle.

On the Kowloon side, a continuing overhang of new office supply in the peripheral Kowloon East area will continue to be a factor, but the continued high occupancy of the Langham Place Office Tower in 2009 has proven its ability to retain tenants in spite of its substantial rental premium. Over 35% of the Office Tower was originally due for expiry in 2010. To date, many early rollovers have been successfully negotiated, and the remaining 2010 expiries now cover only 20% of floor space, thereby limiting the downside in terms of 2010 occupancy. However there should be a modest amount of negative rental reversion in cases where the tenants are in trades that are less location sensitive.

The prospects are much better for the Langham Place Mall, which has proved to be a good balance countering the higher income volatility of the Central office market. The positive rental reversion on leases done during 2009 (representing approximately 18% of the floor area) will translate into higher income for the Mall in 2010. While a number of new mid-sized shopping centres are being launched in TsimShaTsui, Kowloon in 2010, we expect that Langham Place will be able to compete effectively in view of its unique market positioning and strong location.

For our hotel portfolio, the pace of demand contraction has begun to ease from the latter part of 2009, suggesting that the worst may have passed. Nevertheless, it would take time for room rates to fully recover. Therefore our hotel management team will continue to work diligently to control costs in order to maintain earnings momentum. We will also continue to seek other hotel management contracts to further leverage on the increasing recognition of our hotel brand.

Despite the many challenges faced by the Group in the past year, the longer-term fundamentals of our businesses are continuously improving. With our very strong balance sheet and low financial gearing, we are ready to proactively expand our investments in a prudent manner.

FINANCIAL REVIEW

Debt

Gross debts denominated in HK dollars amounted to HK$1,355 million as of 31 December 2009. Our foreign currency gross debts as of 31 December 2009 amounted to the equivalent of HK$3,158 million, of which the equivalent of HK$550 million, or 17.4% of our foreign currency debts, was on fixed-rate basis. Net of cash and bank deposits that matures within 3 months totalling the equivalent of HK$1,921 million, our consolidated net debt outstanding as of 31 December 2009 was HK$2,592 million, an increase of HK$1,559 million from that of HK$1,033 million as of 31 December 2008.

Because of the persistent low interest rate environment and in order to enhance return to shareholders, as a normal treasury function the Group has been prudently investing in quality short-term bonds which are intended to be held to maturity, and full principal protected structured deposits and notes with reputable banks and financial institutions as counter-parties. As at 31 December 2009, investment in these bonds, structured deposits and notes amounted to HK$725 million. Should this amount be taken into account, the consolidated net borrowing of the Group would be reduced to HK$1,867 million.

Equity Attributable to Shareholders, based on professional valuation of the Group’s investment properties as of 31 December 2009 and the depreciated costs of the Group’s hotel properties, amounted to HK$22,317 million as of 31 December 2009. The net assets value at 31 December 2009 represents an increase of HK$4,342 million compared to the value of HK$17,975 million as of 31 December 2008, mainly attributable to the profit for the year and the increase in fair value of the Group’s investment in Champion REIT units. Based on the consolidated net debt of HK$2,592 million, the resulting gearing ratio at 31 December 2009 was 12%. Should the investment in bonds, structured deposits and notes mentioned above be recognized in the calculation, the gearing ratio will be reduced to 8%.

Finance Cost

During the year, market interest rate has remained at an extremely low level. Coupled with the high interest income from the Group’s investment in Champion REIT convertible bonds, the Group has earned a net interest income of HK$40 million for 2009. Consequently, there is no applicable interest cover ratio as at the balance sheet date (31 December 2008: 11.79 times).

Liquidity and Debt Maturity Profile

As of 31 December 2009, our cash, bank deposits and committed but undrawn loan facilities amounted to a total of HK$3,773 million. The majority of our loan facilities is short or 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 2009:

Within 1 year	5.7%
1-2 years	35.5%
3-5 years	58.8%

Pledge of Assets

At 31 December 2009, properties of the Group with a total carrying value of approximately HK$9,895 million (31 December 2008: HK$12,486 million), were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

Commitments and Contingent Liabilities

As at 31 December 2009, the Group has authorised capital expenditures not provided for in these financial statements amounting to approximately HK$309 million (31 December 2008: HK$264 million) of which approximately HK$309 million (31 December 2008: HK$263 million) was contracted for.

Other than set out above, the Group did not have any significant commitments and contingent liabilities as at 31 December 2009.

FINAL DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK35 cents per share for the year ended 31 December 2009 (2008: HK35 cents per share) to the shareholders whose names appear on the Registers of Members on Wednesday, 12 May 2010 subject to the approval of the shareholders at the forthcoming 2010 Annual General Meeting (the “2010 AGM”).

Taken together with the interim dividend of HK17 cents per share paid on 16 October 2009, this will make a total dividend for the full year of HK52 cents per share in 2009 (2008 total dividend: HK$3.25 per share, comprising a final dividend of HK35 cents, an interim dividend of HK20 cents and a special interim dividend of HK$2.7).

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 2010 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 2010 AGM. Dividend warrants and share certificates in respect of the proposed final dividend are expected to be despatched to Shareholders on or about 15 June 2010.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Friday, 7 May 2010 to Wednesday, 12 May 2010, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the 2009 final dividend and be entitled to attend and vote at the 2010 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong Branch Share 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, 6 May 2010.

ANNUAL GENERAL MEETING

The 2010 AGM of the Company will be held on Wednesday, 12 May 2010 and the notice of 2010 AGM together with the 2009 Annual Report and all other relevant documents will be dispatched to the shareholders on or about 1 April 2010 and published on the Company's website at *www.GreatEagle.com.hk* and the website of The Stock Exchange of Hong Kong Limited respectively.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2009, the Company has complied with 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 year under review, except for the following deviations in respect of which remedial steps for compliance have been taken or considered reasons are given below:

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 CG 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 caliber individuals including four 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 (including the Independent Non-executive Directors) have no fixed term of office. The Board considers that the provisions in the Bye-laws of the Company and its corporate governance measures 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 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 of the Company ("Code of Conduct for Securities Transactions") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 of the Listing Rules and the Code of Conduct for Securities Transactions has been updated in accordance with the new Listing Rules requirements.

Having made specific enquiry, all Directors and relevant employees of the Company have confirmed that they have fully complied with the Code of Conduct for Securities Transactions throughout the year ended 31 December 2009.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

AUDIT COMMITTEE

The final results of Company for the year ended 31 December 2009 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 statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2009 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.

EMPLOYEES

During the year, the number of employees of the Group reduced by approximately 7% to 4,304. The decrease was attributable to staff reduction in our hotel operations. 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 year, with particular emphasis on performance management. To further support the engagement of employees, the Hotels have also adopted the Total Quality Management (TQM) technology to drive development of people and continuous improvement of management systems.

In 2009, the Group has operated its competency-based human resources management module and implemented its 2009 staff training and people development plan which included management development programme for selected managerial staff to explore leadership competence, team building sessions for managers and team members to learn together key elements of team work spirit, good communication, and working synergy in order to further accelerate team effectiveness and strengthen management competencies. The Group has facilitated lots of external training programmes in leadership and other soft skill aspects, and also delivered a series of in-house technical skill training.

PUBLIC FLOAT

During the year ended 31 December 2009, 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 2009 Annual Report of the Company for the year ended 31 December 2009 will be dispatched to Shareholders on or about 1 April 2010.

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 four Independent Non-executive Directors, namely Mr. CHENG Hoi Chuen, Vincent, Professor WONG Yue Chim, Richard, Mrs. LEE Pui Ling, Angelina and Mr. ZHU Qi.

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

Hong Kong, 24 February 2010

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	2009 HK$'000	2008 HK$'000
Revenue	4	3,958,366	4,750,433
Cost of goods and services		(2,440,106)	(2,883,974)
Operating profit before depreciation and amortisation		1,518,260	1,866,459
Depreciation and amortisation		(359,788)	(358,893)
Operating profit		1,158,472	1,507,566
Fair value changes on investment properties		85,482	(272,697)
Fair value changes on derivative financial instruments		279,887	(81,985)
Fair value changes on financial assets carried at fair value through profit or loss		48,473	(85,254)
Other income	6	288,045	190,543
Administrative expenses		(213,344)	(214,247)
Other expenses		(163)	(199,937)
Impairment losses recognised in respect of hotel buildings		(490,908)	(193,829)
Loss on disposal of property investment subsidiaries		-	(450,814)
Finance costs	7	(131,639)	(321,682)
Share of results of associates		16,450	13,159
Profit (loss) before tax		1,040,755	(109,177)
Income taxes	8	141,911	180,847
Profit for the year attributable to owners of the Company	9	1,182,666	71,670
Earnings per share:			
Basic	11	HK$1.92	HK$0.12
Diluted	11	HK$1.92	HK$0.12

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 HK$'000	2008 HK$'000
Profit for the year attributable to owners of the Company	1,182,666	71,670
Other comprehensive income:		
Fair value gain (loss) on available for sale investments	2,908,233	(4,577,179)
Exchange differences arising on translation of foreign operations	409,874	(752,443)
	3,318,107	(5,329,622)
Total comprehensive income for the year attributable to owners of the Company	4,500,773	(5,257,952)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment		8,168,735	8,038,660
Prepaid lease payments		1,661,642	1,706,413
Investment properties		3,651,711	3,571,890
Deposit for acquisition of prepaid lease payment		591,000	-
Interests in associates		59,466	47,080
Available for sale investments		8,083,050	4,502,622
Investment in convertible bonds		2,721,509	2,326,827
Notes receivable		223,413	77,500
Amounts due from associates		12,077	12,077
Restricted cash		61,521	33,887
Financial assets carried at fair value through profit or loss		77,551	-
		25,311,675	20,316,956
Current assets			
Inventories		65,774	111,120
Debtors, deposits and prepayments	12	339,765	471,226
Prepaid lease payments		44,771	44,771
Financial assets carried at fair value through profit or loss		340,634	99,825
Notes receivable		204,118	-
Bank balances and cash		1,859,563	3,359,122
		2,854,625	4,086,064
Current liabilities			
Creditors, deposits and accruals	13	635,920	1,055,987
Derivative financial instruments		591	7,814
Provision for taxation		66,145	106,609
Borrowings due within one year		247,040	1,668,963
Unsecured bank overdrafts		9,331	10,014
		959,027	2,849,387
Net current assets		1,895,598	1,236,677
Total assets less current liabilities		27,207,273	21,553,633
Non-current liabilities			
Borrowings due after one year		4,257,328	2,754,127
Deferred taxation		632,841	824,788
		4,890,169	3,578,915
NET ASSETS		22,317,104	17,974,718
Equity			
Share capital		310,913	304,832
Share premium and reserves		22,006,191	17,669,886
TOTAL EQUITY		22,317,104	17,974,718

1. GENERAL

The Company is a company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property investment, hotel and restaurant operations, manager of real estate investment trust, trading of building materials, share investment, provision of management and maintenance services, property management, insurance agency and fitness centre operations.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are or have become effective.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") – continued**

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced a number of terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements. However, HKAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. This resulted in a redesignation of the Group's reportable segments (see note 5) but had no impact on the reported results or financial position of the Group.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as Part of the Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification to Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

2. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued**

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual period beginning on or after 1 February 2010
[5] Effective for annual period beginning on or after 1 January 2011
[6] Effective for annual period beginning on or after 1 July 2010
[7] Effective for annual period beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of "Improvements to HKFRSs" issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leases were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The Directors anticipates that the application of other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements of the Group.

3. **SIGNIFICANT ACCOUNTING POLICIES**

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 2008.

4. REVENUE

Revenue represents the aggregate of gross rental income, building management service income, income from hotel and restaurant operations, proceeds from sales of building materials, dividend income from investments, property management and maintenance income, management service income received as a manager of real estate investment trust, property and insurance agency commission and income from fitness centre operations.

	2009	2008
	HK$'000	HK$'000
Property rental income	250,726	476,701
Building management service income	19,159	51,413
Hotel income	2,570,447	3,063,194
Sales of goods	113,358	172,757
Dividend income	580,922	466,630
Management service income earned as a manager of real estate investment trust	205,107	285,103
Others	218,647	234,635
	3,958,366	4,750,433

5. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group. Such internal reports are regularly reviewed by the chief operating decision maker (i.e. the chairman and managing director of the Group) in order to allocate resources to segments and to assess their performance. Specially, segment information reported internally was analysed on the basis of the types of goods supplied and services provided by the Group's operation divisions (i.e. property investment, hotel operation, income from Champion REIT, other operations). As a result, additional reportable segment "Income from Champion REIT" was reported. However, the adoption of HKFRS 8 has not changed the basis of measurement of segment results. The Group's operating segments under HKFRS 8 are as follows:

Property investment	-	gross rental income and building management service income from leasing of properties and furnished apartments and properties held for investment potential.
Hotel operation	-	hotels accommodation, food and banquet operations.
Income from Champion REIT	-	dividend income from Champion Real Estate Investment Trust ("Champion REIT"), management service income for acting as the manager of Champion REIT and provision of property management service to Champion REIT.
Other operations	-	sales of building materials, restaurant operation, fitness centre operation, investment in securities, provision of property management, maintenance, property agency and insurance agency services.

5. **SEGMENT INFORMATION - continued**

Segment results represent the results by each segment without including any effect of allocation of interest income from bank balances and cash centrally managed, central administration costs, directors' salaries, share of results of associates, depreciation and amortisation, fair value changes on investment properties, derivative financial instruments and financial assets carried at fair value through profit or loss, impairment losses recognised in respect of hotel buildings, loss on disposal of property investment subsidiaries, finance costs and income taxes. This is the measurement basis reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The accounting policies of the reportable segments are the same as the Group's accounting policies. The following is the analysis of the Group's revenue and results by reportable segment for the year under review:

2009

Segment revenue and results

	Property investment	Hotel operation	Income from Champion REIT	Other operations	Eliminations	Consolidated
	HK$000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE						
External revenue	269,885	2,570,447	848,237	269,797	-	3,958,366
Inter-segment revenue	20,376	-	-	11,529	(31,905)	-
Total	290,261	2,570,447	848,237	281,326	(31,905)	3,958,366

Inter-segment revenue are charged at a mutually agreed price and are recognised when services are provided.

	Property investment	Hotel operation	Income from Champion REIT	Other operations	Eliminations	Consolidated
RESULTS						
Segment result	164,581	428,554	818,164	321,112		1,732,411
Unallocated corporate income						10,366
Unallocated corporate expenses						(149,979)
Depreciation and amortisation						(359,788)
Fair value changes on investment properties						85,482
Fair value changes on derivative financial instruments						279,887
Fair value changes on financial assets carried at fair value through profit or loss						48,473
Impairment losses recognised in respect of hotel buildings						(490,908)
Finance costs						(131,639)
Share of results of associates						16,450
Profit before tax						1,040,755
Income taxes						141,911
Profit for the year attributable to owners of the Company						1,182,666

5. **SEGMENT INFORMATION - continued**

2008

Segment revenue and results

	Property investment HK$000	Hotel operation HK$'000	Income from Champion REIT HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE						
External revenue	528,114	3,063,194	812,283	346,842	-	4,750,433
Inter-segment revenue	37,115	-	-	18,741	(55,856)	-
Total	565,229	3,063,194	812,283	365,583	(55,856)	4,750,433

Inter-segment revenue are charged at a mutually agreed price and are recognised when services are provided.

	Property investment HK$000	Hotel operation HK$'000	Income from Champion REIT HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS						
Segment result	335,145	530,747	786,208	76,762		1,728,862
Unallocated corporate income						70,409
Unallocated corporate expenses						(156,453)
Depreciation and amortisation						(358,893)
Fair value changes on investment properties						(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)
Loss on disposal of property investment subsidiaries						(450,814)
Finance costs						(321,682)
Share of results of associates						13,159
Loss before tax						(109,177)
Income taxes						180,847
Profit for the year attributable to owners of the Company						71,670

6. **OTHER INCOME**

	2009 HK$'000	2008 HK$'000
Interest income on:		
Bank deposits	13,890	103,583
Investment in convertible bonds	145,880	81,033
Notes receivable and structured deposits and notes designated as at fair value through profit or loss	12,032	1,597
	171,802	186,213
Reversal of provision on construction fee payable (Note)	105,256	-
Net exchange gain	4,880	-
Reversal of allowance for doubtful debts, net	1,363	-
Sundry income	4,744	4,330
	288,045	190,543

Note:

During the year ended 31 December 2009, the construction fee payable in respect of investment properties disposed on 3 June 2008 was finalised, resulting in a release of provision on construction fee payable amounting to HK$105,256,000.

7. **FINANCE COSTS**

	2009 HK$'000	2008 HK$'000
Interest on bank borrowings wholly repayable within five years	77,834	205,523
Interest on other loans wholly repayable within five years	43,691	101,389
Other borrowing costs	10,114	14,770
	131,639	321,682

8. **INCOME TAXES**

	2009 HK$'000	2008 HK$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	88,047	89,490
Other jurisdictions	13,926	39,731
	101,973	129,221
Overprovision in prior years:		
Hong Kong Profits Tax	(30,146)	(1,605)
Other jurisdictions	(4,034)	(830)
	(34,180)	(2,435)
	67,793	126,786
Deferred tax:		
Current year	(243,491)	(207,460)
Underprovision in prior years	33,787	-
Attributable to change in tax rate	-	(100,173)
	(209,704)	(307,633)
	(141,911)	(180,847)

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% (2008: 16.5%) of the estimated assessable profit for the year.

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

Included in the overprovision of Hong Kong Profits Tax in prior years of HK$30,157,000 and an underprovision of deferred tax in prior years of HK$31,298,000, both arose from revision of previous years’ tax computations in respect of depreciation allowance of a hotel property located in Hong Kong during the year ended 31 December 2009.

9. PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

	2009 HK$'000	2008 HK$'000
Profit for the year has been arrived at after charging:		
Staff costs (including directors' emoluments)	1,162,045	1,285,894
Share based payments (including directors' emoluments)	4,176	10,720
	1,166,221	1,296,614
Amortisation of prepaid lease payments	44,771	44,771
Depreciation on		
- hotel buildings	184,769	190,912
- other property, plant and equipment	130,248	123,210
	315,017	314,122
Auditor's remuneration	8,131	7,703
Allowance for doubtful debts (included in other expenses)	-	56,178
Fitting-out works of hotel building written off (included in other expenses)	-	137,486
Operating lease payments on rented premises	51,562	29,196
Cost of inventories recognised as an expense	393,822	516,544
Share of tax of associates (included in the share of result of associates)	1,645	512
Loss on disposal of property, plant and equipment (included in other expenses)	163	2,023
Net exchange loss	-	4,250
and after crediting:		
Net exchange gain	4,880	-
Dividend income from listed investments:		
- Champion REIT	578,979	464,342
- Others	1,943	2,288
	580,922	466,630
Rental income from investment properties less related outgoings of HK$86,523,000 (2008: HK$138,924,000)	164,203	337,777

10. DIVIDENDS

	2009 HK$'000	2008 HK$'000
Dividends paid and recognised as distributions during the year:		
- Final dividend of HK35 cents in respect of 2008 (2008: HK35 cents in respect of 2007) per ordinary share	213,381	211,643
- Interim dividend of HK17 cents in respect of 2009 (2008: HK20 cents in respect of 2008) per ordinary share	105,711	121,933
- Special dividend of HK$2.7 per ordinary share in respect of 2008	-	1,646,093
	105,711	1,768,026
	319,092	1,979,669
Dividends proposed:		
- Proposed final dividend of HK35 cents in respect of 2009 (2008: HK35 cents in respect of 2008) per ordinary share	217,639	213,381

The proposed final dividend in respect of 2009 is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

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

	2009 HK$'000	2008 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share	1,182,666	71,670
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	615,928,605	607,238,125
Effect of dilutive potential shares:		
Share options	846,650	61,667
Weighted average number of shares for the purpose of diluted earnings per share	616,775,255	607,299,792

12. **DEBTORS, DEPOSITS AND PREPAYMENTS**

	2009 HK$'000	2008 HK$'000
Trade debtors, net of allowance for doubtful debts	225,706	250,037
Deferred rent receivables	20,153	16,079
Other receivables	37,768	97,670
Deposits and prepayments	56,138	107,440
	339,765	471,226

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 based on the invoice date:

	2009 HK$'000	2008 HK$'000
0 - 3 months	220,820	237,626
3 - 6 months	4,086	7,281
Over 6 months	800	5,130
	225,706	250,037

13. **CREDITORS, DEPOSITS AND ACCRUALS**

	2009 HK$'000	2008 HK$'000
Trade creditors	150,826	184,285
Rental deposits	146,432	137,045
Construction fee payable and retention money payable	15,794	380,333
Accruals, interest payable and other payables	322,868	354,324
	635,920	1,055,987

The aged analysis of trade creditors based on the invoice date is as follows:

	2009 HK$'000	2008 HK$'000
0 - 3 months	145,207	169,118
3 - 6 months	43	19
Over 6 months	5,576	15,148
	150,826	184,285