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 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors of Great Eagle Holdings Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 as follows:

FINANCIAL HIGHLIGHTS

	Six Months Ended 30 June		
	2009	**2008**	**Change**
	(million)	**(million)**	
Revenue	**1,817.9**	**2,437.4**	**-25.4%**
Statutory Profit attributable to equity holders	**510.7**	**129.9**	**293.1%**
Profit from core business after tax	**570.6**	**512.1**	**11.4%**
Profit from core business after tax (per share)	**HK$0.94**	**HK$0.85**	**10.6%**
Interim Dividend (per share)	**HK$0.17**	**HK$0.20**	
	30 Jun 2009	**31 Dec 2008**	
Net Gearing	**8%**	**6%**	
Book Value (per share)	**HK$31.9**	**HK$29.5**	

OVERVIEW

Following an unprecedented level of monetary policy easing around the world, the global financial markets appeared to have stabilized towards mid-year 2009. However, the effects of the easing had yet to materially flow through to the real economy in the first half of 2009, when demand remained lackluster. That had a negative impact on the Group's operations.

Revenue for the first half of 2009 dropped by 25% year-on-year to HK$1,818 million, mainly due to the significantly weaker performance of the Hotels division, and lower direct rental income following the spin off of Langham Place in June 2008. Contrary to the significant drop in top-line revenue, core profit for the half-year increased 11% year-on-year to HK$571 million. This was primarily due to an increase of HK$74 million in contribution from Champion REIT, and a reduction in net interest expense, which dropped by HK$151 million, but also because of two one-off items, namely a HK$105 million write-back of overprovided construction costs for Langham Place and the absence of further write-off of fixed assets associated with hotel renovations, which amounted to HK$107 million in the first half of 2008.

BUSINESS REVIEW

HOTEL PORTFOLIO

A lower level of economic activities, thus reduced demand for hotel accommodation from corporate and leisure travellers as well as the curtailing of meeting and conference events by corporates, placed tremendous pressure on the Group's hotel operations during the first half of 2009. The situation was exacerbated by the onset of the H1N1 influenza in April. Occupancy rates dropped across the portfolio and intensified competition led to lower average room rates for our hotels, as compared with last year. Revenue from the Hotels Division dropped by 28% year-on-year to HK$1,122 million for the first half of 2009. As a result, EBITDA dropped by 65% year-on-year to HK$112 million.

Despite an industry phenomenon of declining room rates, all of our hotels have maintained their competitiveness, and most have maintained their market shares in their respective cities. Furthermore, numerous cost control measures have been implemented to counter the impact of falling revenues.

Despite the weak market conditions, the Division continued to expand the presence of the Langham brand to key cities. The Langham, Yangtze Boutique Hotel, situated in the heart of Shanghai was opened in May 2009. This hotel is operated under a pure hotel management contract, with no equity investment from the Group. For our other hotel management contracts, some properties are scheduled to open on time, while others have been delayed as a result of the financial crisis. We have signed three new hotel management contracts in Thailand this year.

Hong Kong Hotels

The Langham, Hong Kong

Business results suffered from the economic crisis, and were further dampened by the H1N1 virus. The downturn has led to numerous postponement and cancellations from corporate and individual travellers, which lowered occupancy rate for the hotel. Nevertheless, strong banqueting business helped to partially offset lower food and beverage revenue from occupied rooms.

For the six months ended June 2009, the hotel achieved an average occupancy of 66% (2008: 79%) and average room rate of HK$1,479 (2008: HK$1,784).

The Langham Place, Hong Kong

On top of a difficult business environment, strategy to upgrade guest mix towards more frequent individual travellers has resulted in more pressure on occupancy rate. Demand for food & beverages also remained soft, with slower pick-ups in banquets and catering.

For the six months ended June 2009, the hotel achieved an average occupancy of 66% (2008: 85%) and average room rate of HK$1,252 (2008: HK$1,406).

Eaton Hong Kong

The negative market sentiments combined with the H1N1 virus impacted hotel's performance for the first half of the year with revenue per available room declining 34% compared with that achieved last year. The food and beverage department saw reduction in banqueting business, particularly from corporate meetings and conferences.

For the six months ended June 2009, the hotel achieved an average occupancy of 69% (2008: 88%) and average room rate of HK$764 (2008: HK$906).

International Hotels

The Langham, London

Hotel's first half year results were impacted by the global financial crisis, in addition to the major renovation programme. There were considerable rate pressures as demand from the finance sector fell significantly. Slower pick-up in food & beverage was due to low occupancy and the delay in opening new outlets and renovated rooms.

The hotel was officially re-opened on June 9th with very positive media feedback. Re-launch promotions are in place to rebuild its market share post refurbishment. The hotel, having been renovated to the highest standards, will also help to anchor the Langham brand.

For the six months ended June 2009, the hotel achieved an average occupancy of 57% on average 191 available rooms (2008: 69% on 162 available rooms) and average room rate of £225 (2008: £241).

The Langham, Boston

The global financial crisis continued to take its toll on hotel's operating performance with revenue per available room declining 29% compared to last year. This is mainly due to reduction in US financial corporations' business shrinking travel budgets and fewer citywide events.

For the six months ended June 2009, the hotel achieved an average occupancy of 50% (2008: 61%) and average room rate of US$214 (2008: US$249).

The Langham, Melbourne

Demand was soft from the corporate market and our strategy taken last year to increase its share from higher yield retail business travellers, have resulted in lower stays from aircrew business, leading to overall lower occupancy rates for the Hotel. There was steady performance at the food & beverage outlets, but business from catering has dropped in line with a decline in corporate activities.

For the six months ended June 2009, the hotel achieved an average occupancy of 65% (2008: 81%) and average room rate of A$269 (2008: A$257).

The Langham, Auckland

The negative market sentiments in the city hampered the hotel's operating results, which were evidenced by the slowdown in corporate and retail business. Opening of a new spa in the second quarter of 2009 and the renovation of the ballroom in the third quarter of 2009 will consolidate the hotel's competitive position in the Auckland market.

For the six months ended June 2009, the hotel achieved an average occupancy of 59% (2008: 69%) and average room rate of N$172 (2008: N$175).

The Langham Huntington Hotel & Spa, Pasadena

Challenging operating environment faced by the hotel mainly due to cutbacks in corporate travel and shortage of meeting business affecting revenue streams. However, some positive signs have been seen in the demand from individual travellers over the first half of 2009, which will help the hotel to rebuild its market share.

For the six months ended June 2009, the hotel achieved an average occupancy of 42% (2008: 61%) and average room rate of US$220 (2008: US$247).

The economic environment has deteriorated significantly since the Langham Pasadena Hotel was purchased in January 2008 and it has been operating at a loss. We therefore considered it prudent to write down the carrying value of the hotel and took impairment charges amounting to HK$173.7 million net of tax against the value of Langham Pasadena at 30 June 2009.

Delta Chelsea Hotel, Toronto

Operating results were impacted by the slowdown in business travellers amid tough market conditions. Nevertheless, cost containment measures implemented at the hotel have helped to partially offset lower margins from the weak revenue stream.

For the six months ended June 2009, the hotel achieved an average occupancy of 62% (2008: 69%) and average room rate of C$125 (2008: C$141).

INCOME FROM CHAMPION REIT

Due to the Group's accounting policy of recognizing dividend income from Champion REIT at the date of payment, the dividend income recorded in the Group's 2009 first half results represented

Champion REIT's distribution for the second half of 2008. The increase reflected higher rental income at Citibank Plaza as well as the inclusion of the income from Langham Place.

Total contribution from Champion REIT, including asset management and other service fee income, came to HK$409 million over the first half of 2009, a growth of 22% over that of HK$335 million earned over the same period in the prior year.

Citibank Plaza

The rental market peaked in the third quarter of 2008. As a result of the contraction in demand for office space by financial institutions in the past months, rents in the Central business district fell significantly in the first half of 2009. In line with the general market, spot rents (the rental rate applicable to new leases) at Citibank Plaza have retreated from year end levels of $120 per sq. ft. to approximately $85 per sq. ft in June 2009.

The performance of Citibank Plaza for the first half of 2009 mainly reflected the positive effects of lease rollovers negotiated in 2008 before the current economic downturn set in. Revenue for the period in fact increased by 4.9% when compared to the second half of last year. During the period, roughly 5% of the leases in Citibank Plaza by floor area expired and a further 1.5% underwent rent review. While the spot rent has weakened, it is still on average above the expiring rents contracted up to three years ago. Thus, leasing activities have translated into a higher average passing rent rate (the average rental rate of existing contracted tenancies), which rose from HK$87.46 per sq. ft. in December 2008 to HK$90.49 per sq. ft. in June 2009.

The increase in passing rent has had a positive impact, and has offset the increase in vacancy. The occupancy rate at Citibank Plaza was 94.9% as at the end of June 2009 as compared to 97.9% at the end of 2008.

Langham Place Office Tower

Office leasing conditions at Langham Place have been stable and the spot rent has been maintained at approximately $30 per sq. ft. The building remained very full as at the end of June 2009 with an occupancy rate of 97.9%.

Langham Place's reputation as a proven quality development and its superior subway location have been important factors in retaining the vast majority of expiring leases for 2009. The bulk of this year's lease expiries have already been renegotiated at rents higher than the passing rent rate and occupancy should remain at a high level for the remainder of the year.

Langham Place Mall

The unique experience offered by the Langham Place Mall, together with its focus on mid-priced fashion and well executed promotion events, has continued to attract shoppers. With the slower economy, growth in foot traffic has moderated but systematic discounting by some retailers and better performance of the new anchor tenants has allowed the Mall to maintain the average sales per sq. ft. at approximately the same level as last year. The Mall remains popular among retailers and occupancy of the mall has increased from 97.7% at the end of 2008 to 99.7% at mid-year 2009.

On 6 August, 2009, Champion REIT declared a Distribution of HK$0.1314 Per Unit for its first half results in 2009, and it will be recorded in the Group's second half's results in 2009. It should be noted that Champion REIT has reduced its pay out ratio to 90% of its distributable income for its first half results, compared with a 100% payout ratio in the past.

INVESTMENT PROPERTY PORTFOLIO

Over the first half of 2009, gross and net rental income from our rental portfolio decreased by 65% and 69% year-on-year to HK$123 million and HK$81 million respectively. The significant drop was due to the loss of rental income from Langham Place, following its sale to Champion REIT in June 2008.

Excluding the impact of Langham Place, gross rental income of our other investment properties in Hong Kong and the United States was down 7% year-on-year, whereas net rental income only dropped by 4% on a year-on-year basis. The lower drop in net rental income was due to lower leasing expenses incurred for the properties in the United States. The lower leasing expense actually translated to a slight increase in net rental income from the United States, which helped to partially offset the drop in net rental income from the group's serviced apartments in Hong Kong.

Great Eagle Centre

Despite a weakened economy, Great Eagle Centre continued to see positive rental reversion in the first half of 2009, as leases were renewed at overall higher rent rates than those of the expiring terms. As a result, gross rental income for the first half of 2009 increased by 5.3% year-on-year to HK$48.5 million, and net rental income rose 2.7% to HK$46.2 million.

Average passing rents at the Great Eagle Centre came to HK$47.2 per square foot at the end of June 2009, 14.7% higher than that at the prior year date. On the other hand, vacancy rate increased to 8.9% as at the end of June 2009 from 6.4% as at the end of December 2008. While the mid-year vacancy rate was high, a majority of the vacancy has subsequently been re-let, and that should lead to a much lower vacancy rate by the end of the year.

Eaton Serviced Apartments

The release of the renovated rooms, particularly those at Village Road have helped to stabilise achieved rental rates for the Group's serviced apartments in the first half of 2009. However, the impact of the financial crisis on demand for short-term accommodation was quite severe. Occupancy rate dropped from 82% in the first half of 2008 to 55.7% in the first half of 2009. As a result net rental income dropped 38.9% year-on-year to HK$8 million. The continued weak demand, coupled with a surge in supply of serviced apartments on Hong Kong Island will continue to exert pressure on performance of the serviced apartments.

United States Properties

Gross rental income from the U.S. portfolio for the first half of 2009 dropped by 9% year-on-year to HK$55.3 million, reflecting the impact from the market downturn with lower passing rents and occupancy rates. Net rental income, on the other hand, showed a slight increase over that for the same period in 2008, mainly due to lower cost associated with new lettings. As at the end of June 2009, overall occupancy rate for the portfolio stood at 86% as compared with 94% as at the end of

2008. As only a very small fraction of the leases will be up for renewal over the coming twelve months, this will help to stabilise passing rent and occupancy rates.

OUTLOOK

Despite the extraordinary efforts by governments around the world to keep credit flowing, the sustainability of the liquidity flow and the degree of spillover to the broader economy are still unclear. At present, there are few signs to confirm a lasting recovery, and there should be a high degree of volatility in the near term.

Under these circumstances, it will take some time before general confidence can be fully restored. As such, there should be continued weakness in our core earnings in the second half of this year, especially for the Hotels division, where significant pricing pressure remains. Yield management and cost containment will continue to be the priorities of the division.

We remain cautious on the prospects of the office market in Hong Kong in the near term, as new demand for office space from the financial sector has yet to show any strength. That should affect the income that Champion REIT will derive from Citibank Plaza. The steady performance of the Langham Place properties in a slow market is encouraging but whatever increase in its contribution would unlikely be sufficient to offset the decline in income at the Central property. It is probable that the income contribution from Champion REIT would see some decline in the second half of 2009.

With a very strong and liquid balance sheet, we are well placed to capitalize on new investment opportunities. We have among other things been examining a number of interesting investment opportunities in China, but will prudently allocate resources to projects that meet our high threshold for quality and return.

FINANCIAL REVIEW

Debt

Gross debts denominated in HK dollars amounted to HK$1,380 million as of 30 June 2009. Our foreign currency gross debts as of 30 June 2009 amounted to the equivalent of HK$3,231 million, of which the equivalent of HK$553 million, or 17.1% 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$2,944 million, our consolidated net debt outstanding as of 30 June 2009 was HK$1,667 million, an increase of HK$634 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 30 June 2009, investment in structured deposits and notes amounted to HK$201 million. Should this amount be taken into account, the consolidated net borrowing of the Group would be reduced to HK$1,466 million.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 30 June 2009 and the depreciated costs of the Group's hotel properties, amounted to HK$19,812 million as of 30 June 2009. The net assets value at 30 June 2009 represents an increase of HK$1,837 million compared to the value of HK$17,975 million as of 31 December 2008, mainly attributable to the profit for the period and the increase in fair value of the Group's investment in Champion REIT units. Based on the consolidated net debt of HK$1,667 million, the resulting gearing ratio at 30 June 2009 was 8%. Should the investment in structured deposits and notes mentioned above be recognized in the calculation, the gearing ratio will be reduced to 7%.

Finance Cost

During the reporting period, 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$14 million for the first half of 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 30 June 2009, our cash, bank deposits and committed but undrawn loan facilities amounted to a total of HK$4,771 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 30 June 2009:

Within 1 year	37.4%
1-2 years	35.1%
3-5 years	27.5%

Pledge of Assets

At 30 June 2009, properties of the Group with a total carrying value of approximately HK$12,325 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 30 June 2009, the Group has authorised capital expenditures not provided for in these financial statements amounting to approximately HK$116 million (31 December 2008: HK$264 million) of which approximately HK$114 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 30 June 2009.

INTERIM DIVIDEND

The Board of Directors of Great Eagle Holdings Limited (the "Company") has resolved to declare an interim dividend of HK17 cents per share (2008: an interim dividend of HK20 cents per share and a special interim dividend of HK$2.7 per share) for the six months ended 30 June 2009, payable on or about 16 October 2009 to shareholders whose names appear on the Registers of Members of the Company on Friday, 9 October 2009.

CLOSURE OF REGISTER OF MEMBERS

The Registers of Members of the Company will be closed from Tuesday, 6 October 2009 to Friday, 9 October 2009, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, 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 Monday, 5 October 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2009, the Company has complied with all the code provisions and, where appropriate, adopted some of the recommended best practices as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Main Board Listing Rules throughout the period under review, except the following deviations from certain 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 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 three Independent Non-executive Directors.

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

While the Bye-laws of the Company requires that one-third of the directors (other than the executive chairman and managing director) should retire by rotation, the Non-executive Directors (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 (the "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 the Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules and the same 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 and the Model Code throughout the period under review.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares.

EMPLOYEES

During the period, the number of employees of the Group reduced by approximately 6% to 4,349. 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 period, with particular emphasis on performance management.

REVIEW OF INTERIM RESULTS

The financial statements for the six months ended 30 June 2009 were prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and have also been reviewed by the Audit Committee of the Company, and by the Independent Auditors Deloitte Touche Tohmatsu 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 HKICPA.

PUBLIC FLOAT

During the six months ended 30 June 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 INTERIM REPORT

The 2009 Interim Report of the Company for the period ended 30 June 2009 will be dispatched to Shareholders on or about 9 September 2009.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises five Executive Directors, namely Dr. LO Ka Shui (Chairman and Managing Director), Mr. LO Kai Shui (Deputy Managing Director), Mr. LO Hong Sui, Antony, Madam LAW Wai Duen, and Mr. KAN Tak Kwong (General Manager); three Non-executive Directors, namely Madam LO TO Lee Kwan, Mr. LO Hong Sui, Vincent and Dr. LO Ying Sui, Archie; and three Independent Non-executive Directors, namely Mr. CHENG Hoi Chuen, Vincent, Professor WONG Yue Chim, Richard and Mrs. LEE Pui Ling, Angelina.

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

Hong Kong, 26 August 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Notes	Six Months Ended 30 June **2009** **HK$'000** **(unaudited)**	 2008 HK$'000 (unaudited)
Revenue	(3)	**1,817,896**	2,437,406
Cost of goods and services		**(1,172,211)**	(1,488,078)
Operating profit before depreciation and amortisation		**645,685**	949,328
Depreciation and amortisation		**(170,807)**	(177,797)
Operating profit		**474,878**	771,531
Fair value changes on investment properties		**60,421**	222,598
Fair value changes on derivative financial instruments		**118,288**	(98,967)
Fair value changes on financial assets carried at fair value through profit or loss		**20,769**	(12,342)
Other income		**190,262**	65,953
Administrative expenses		**(106,329)**	(90,886)
Other expenses		**(2,188)**	(108,471)
Impairment loss recognised in respect of a hotel property		**(289,490)**	-
Loss on disposal of property investment subsidiaries		**-**	(450,814)
Finance costs	(5)	**(68,961)**	(196,005)
Share of results of associates		**132**	7,187
Profit before tax		**397,782**	109,784
Income taxes	(6)	**112,967**	20,124
Profit for the period attributable to owners of the Company	(7)	**510,749**	129,908
Earnings per share	(9)		
Basic		**HK$0.84**	HK$0.21
Diluted		**HK$0.84**	HK$0.21

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2009

	Six Months Ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**510,749**	129,908
Other comprehensive income		
Fair value gain (loss) on available for sale investments	**1,093,158**	(1,292,700)
Exchange differences arising on translation of foreign operations	**288,320**	7,148
	1,381,478	(1,285,552)
Total comprehensive income for the period attributable to owners of the Company	**1,892,227**	(1,155,644)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2009

	Notes	**As at 30 June 2009 HK$'000 (unaudited)**	As at 31 December 2008 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**8,260,940**	8,038,660
Prepaid lease payments		**1,684,026**	1,706,413
Investment properties		**3,622,235**	3,571,890
Interests in associates		**44,084**	47,080
Available for sale investments		**5,857,040**	4,502,622
Investment in convertible bonds		**2,498,851**	2,326,827
Notes receivable		**88,493**	77,500
Amounts due from associates		**12,077**	12,077
Restricted cash		**64,637**	33,887
		22,132,383	20,316,956
Current assets			
Inventories		**63,287**	111,120
Debtors, deposits and prepayments	(10)	**362,047**	471,226
Prepaid lease payments		**44,771**	44,771
Financial assets carried at fair value through profit or loss		**294,078**	99,825
Bank balances and cash		**2,879,625**	3,359,122
		3,643,808	4,086,064
Current liabilities			
Creditors, deposits and accruals	(11)	**566,024**	1,055,987
Derivative financial instruments		**1,613**	7,814
Provision for taxation		**122,548**	106,609
Borrowings due within one year		**1,714,340**	1,668,963
Unsecured bank overdrafts		**9,545**	10,014
		2,414,070	2,849,387
Net current assets		**1,229,738**	1,236,677
Total assets less current liabilities		**23,362,121**	21,553,633

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 JUNE 2009

	As at 30 June 2009 HK$'000 (unaudited)	As at 31 December 2008 HK$'000 (audited)
Non-current liabilities		
Borrowings due after one year	**2,887,710**	2,754,127
Deferred taxation	**662,330**	824,788
	3,550,040	3,578,915
NET ASSETS	**19,812,081**	17,974,718
Equity		
Share capital	**310,913**	304,832
Share premium and reserves	**19,501,168**	17,669,886
TOTAL EQUITY	**19,812,081**	17,974,718

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2009

(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 cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

A number of new or revised Standards and Interpretation are effective for the financial year beginning on 1 January 2009. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008.

HKAS 1 (Revised 2007) Presentation of Financial Statements
(effective for annual periods beginning on or after 1 January 2009)

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

HKFRS 8 Operating Segments
(effective for annual periods beginning on or after 1 January 2009)

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 4) but had no impact on the reported results or financial position of the Group.

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

(2) PRINCIPAL ACCOUNTING POLICIES (Continued)

The Group has not early applied the new 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 issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKAS 1 (Amendment)	Additional Exemption for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) - Int 18	Transfers of Assets from Customers[4]

[1]Effective for annual periods beginning on or after 1 July 2009
[2]Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3]Effective for annual period beginning on or after 1 January 2010
[4]Effective for transfers on or after 1 July 2009

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 2008) 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.

The Directors anticipates that the application of the other standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

(3) 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, agency commission and income from fitness centre operations.

	Six Months Ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Property rental income	**122,545**	350,325
Building management service income	**9,380**	42,135
Hotel income	**1,122,384**	1,548,921
Sales of goods	**63,122**	78,749
Dividend income	**273,274**	125,359
Management service income received as a manager of real estate investment trust	**105,194**	186,977
Others	**121,997**	104,940
	1,817,896	2,437,406

(4) 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. In contrast, the predecessor Standard (HKAS 14 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity’s “system of internal financial reporting to key management personnel” serving only as the starting point for the identification of such segments. As a result, an additional reportable segment “Income from Champion Real Estate Investment Trust (“Champion REIT”)” was reported. However, the adoption of HKFRS 8 has not changed the basis of measurement of segment results. The Group’s reportable segments under HKFRS 8 are therefore as follows:

Property investment in Hong Kong	-	rental income from leasing of properties and furnished apartments and properties held for investment potential in Hong Kong.
Property investment In the USA	-	rental income from leasing of properties and properties held for investment potential in the United States of America (“USA”).
Hotel operation	-	hotel accommodation, food and banquet operations.
Income from Champion REIT	-	dividend income from Champion REIT, management service fee 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.

The financial performances of operating segments of property investment in Hong Kong and in the USA were aggregated in a single reportable segment as “Property Investment” since they are considered having similar economic characteristics.

Segment results represents the results by each segment without including any effect of allocation of central administration cost, directors’ salaries, share of profit 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 loss recognised in respect of a hotel building, finance costs and income taxes. This is the measurement basis reported to the chief operating decision maker for the purposes of resources allocation and performance assessment.

The following is the analysis of the Group’s revenue and results by reportable segment for the period under review:

(4) SEGMENT INFORMATION (Continued)

Six months ended 30 June 2009

	Property investment HK$'000 (unaudited)	Hotel operation HK$'000 (unaudited)	Income from Champion REIT HK$'000 (unaudited)	Other operations HK$'000 (unaudited)	Eliminations HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
REVENUE						
External sales	**131,925**	**1,122,384**	**409,444**	**154,143**	**-**	**1,817,896**
Inter-segment sales	**10,248**	**-**	**-**	**6,233**	**(16,481)**	**-**
Total	**142,173**	**1,122,384**	**409,444**	**160,376**	**(16,481)**	**1,817,896**

Inter-segment sales are charged at mutually agreed prices.

	Property investment	Hotel operation	Income from Champion REIT	Other operations	Eliminations	Consolidated
RESULTS						
Segment results	**81,512**	**112,809**	**396,155**	**208,321**		**798,797**
Unallocated corporate income						**8,629**
Unallocated corporate expenses						**(79,996)**
Depreciation and amortisation						**(170,807)**
Fair value changes on investment properties						**60,421**
Fair value changes on derivative financial instruments						**118,288**
Fair value changes on financial assets carried at fair value through profit or loss						**20,769**
Impairment loss recognised in respect of a hotel building						**(289,490)**
Finance costs						**(68,961)**
Share of results of associates						**132**
Profit before tax						**397,782**
Income taxes						**112,967**
Profit for the period attributable to owners of the Company						**510,749**

(4) SEGMENT INFORMATION (Continued)

Six months ended 30 June 2008

	Property investment HK$'000 (unaudited)	Hotel operation HK$'000 (unaudited)	Income from Champion REIT HK$'000 (unaudited)	Other operations HK$'000 (unaudited)	Eliminations HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
REVENUE						
External sales	392,460	1,548,921	335,469	160,556	-	2,437,406
Inter-segment sales	32,263	-	-	11,504	(43,767)	-
Total	424,723	1,548,921	335,469	172,060	(43,767)	2,437,406

Inter-segment sales are charged at mutually agreed prices.

	Property investment	Hotel operation	Income from Champion REIT	Other operations	Eliminations	Consolidated
RESULTS						
Segment results	260,333	222,360	327,570	32,364		842,627
Unallocated corporate income						27,851
Unallocated corporate expenses						(54,554)
Depreciation and amortisation						(177,797)
Loss on disposal of property investment subsidiaries						(450,814)
Fair value changes on investment properties						222,598
Fair value changes on derivative financial instruments						(98,967)
Fair value changes on financial assets carried at fair value through profit or loss						(12,342)
Finance costs						(196,005)
Share of results of associates						7,187
Profit before tax						109,784
Income taxes						20,124
Profit for the period attributable to owners of the Company						129,908

(5) FINANCE COSTS

	Six Months Ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on bank borrowings wholly repayable within five years	**42,012**	156,729
Interest on other loans wholly repayable within five years	**22,047**	29,637
Other borrowing costs	**4,902**	9,639
	68,961	196,005

(6) INCOME TAXES

	Six Months Ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
Current period:		
Hong Kong Profits Tax	**54,360**	54,852
Other jurisdictions	**5,487**	17,388
	59,847	72,240
(Over) underprovision in prior periods:		
Hong Kong Profits Tax	**(72)**	(3)
Other jurisdictions	**(198)**	15
	(270)	12
	59,577	72,252
Deferred tax:		
Current period	**(172,544)**	7,797
Attributable to change in tax rate	**-**	(100,173)
	(172,544)	(92,376)
	(112,967)	(20,124)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period.

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

(7) PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Six Months Ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Staff costs (including directors' emoluments)	**555,823**	647,594
Share based payments (including directors' emoluments)	**1,988**	5,805
	557,811	653,399
Amortisation of prepaid lease payments	**22,387**	22,387
Depreciation on		
- hotel buildings	**89,997**	93,643
- other property, plant and equipment	**58,423**	61,767
Total amortisation and depreciation	**170,807**	177,797
Fitting-out works of hotel buildings written off (included in other expenses)	**-**	106,881
Loss on disposal of property, plant and equipment	**242**	1,590
Net exchange loss	**1,945**	-
and after crediting:		
Dividend income from listed investments:		
- Champion REIT	**273,239**	124,931
- Others	**35**	428
	273,274	125,359
Release of overprovision on construction fee payable (note)	**105,256**	-
Interest income	**82,735**	58,536
Net exchange gain	**-**	4,892

Note:

During the current period, the construction fee payable in respect of investment properties disposed in the financial period ended 30 June 2008 was finalised, resulting in a release of overprovision on construction fee payable amounting to HK$105,256,000 which was included in other income as disclosed in the condensed consolidated income statement.

(8) DIVIDENDS

	Six Months Ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
2008 Final dividend paid – HK35 cents per share	**213,381**	-
2007 Final dividend paid – HK35 cents per share	**-**	211,643
	213,381	211,643
Interim dividend declared – HK17 cents per share (six months ended 30 June 2008: HK20 cents per share)	**105,711**	121,933
Special interim dividend declared – nil (six months ended 30 June 2008: HK$2.70 per share)	**-**	1,646,093
	105,711	1,768,026

During the period, a dividend of HK35 cents (final dividend of 2007: HK35 cents) per share, which included scrip dividend alternatives offered to shareholders, was paid to shareholders as the final dividend for 2008. The scrip dividend alternatives were accepted by the shareholders as follows:

	Six Months Ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends:		
Cash	**56,852**	93,026
Share alternative	**156,529**	118,617
	213,381	211,643

(9) EARNINGS PER SHARE

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

	Six Months Ended 30 June	
	2009	2008
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	**510,749**	129,908

	Six Months Ended 30 June	
	2009	2008
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**609,932,940**	604,786,338
Effect of dilutive potential shares:		
Share options	**-**	242,015
Weighted average number of shares for the purpose of diluted earnings per share	**609,932,940**	605,028,353

The calculation of diluted earnings per share for the six months ended 30 June 2009 did not assume the exercise of the Company's share options as the exercise prices of the share options were higher than the average market price of the Company's shares for the period.

(10) DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2009 HK$'000 (unaudited)	31 December 2008 HK$'000 (audited)
Trade debtors, net of allowance for doubtful debts	**205,890**	250,037
Deferred rent receivables	**17,336**	16,079
Other receivables	**68,878**	97,670
Deposits and prepayments	**69,943**	107,440
	362,047	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:

	30 June 2009 HK$'000 (unaudited)	31 December 2008 HK$'000 (audited)
0 - 3 months	**197,583**	237,626
3 - 6 months	**8,242**	7,281
Over 6 months	**65**	5,130
	205,890	250,037

(11) CREDITORS, DEPOSITS AND ACCRUALS

	30 June 2009 HK$'000 (unaudited)	31 December 2008 HK$'000 (audited)
Trade creditors	**116,977**	184,285
Rental deposits	**141,690**	137,045
Construction fee payable and retention money payable	**15,240**	380,333
Accruals, interest payable and other payables	**292,117**	354,324
	566,024	1,055,987

The aged analysis of trade creditors is as follows:

	30 June 2009 HK$'000 (unaudited)	31 December 2008 HK$'000 (audited)
0 - 3 months	**105,116**	169,118
3 - 6 months	**3,552**	19
Over 6 months	**8,309**	15,148
	116,977	184,285