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Great Eagle Holdings Limited
鷹君集團有限公司

Incorporated in Bermuda with limited liability
於百慕達註冊成立之有限公司

(Stock Code: 41)

2010 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 (collectively the "Group") for the six months ended 30 June 2010 as follows:

FINANCIAL HIGHLIGHTS

	Six Months Ended 30 June		
	2010	2009	
Key Financial Figures	*HK$ million*	*HK$ million*	**Change**
Revenue	**2,240.6**	**1,817.9**	**23.3%**
Statutory Profit attributable to equity holders	**795.4**	**510.7**	**55.7%**
Profit from core business after tax	**653.6**	**570.6**	**14.6%**
Profit from core business after tax (per share)	**HK$ 1.05**	**HK$ 0.94**	**11.7%**
Interim Dividend (per share)	**HK$ 0.19**	**HK$ 0.17**	

	As at the end of	
	June 2010	Dec 2009
Net Gearing	**10%**	**12%**
Book value (per share)	**HK$ 37.9**	**HK$ 35.9**

OVERVIEW

Rejuvenated economic activities over the first half of the year supported the Group's earnings in the first six months of 2010. In contrast to the difficult operating environment of the first half of last year, most of our businesses performed better this year, though the improvements were not across the board.

Total revenue increased 23.3% year-on-year to HK$2,241 million for the first half of 2010, on the back of improvement in the operations of the Hotels Division. Profit from core business increased 14.6% year-on-year to HK$654 million, primarily driven by an increase of HK$116 million in EBITDA of the Hotels Division, followed by an increase of HK$51 million in contribution from Champion REIT. Due to the 6-month time lag in recognizing distribution income, the increase in contribution from Champion REIT was a lagging reflection of the REIT's performance in the second half of 2009. Whereas on 16th August, 2010, the REIT has declared a reduced distribution for the first half of 2010.

BUSINESS REVIEW

HOTELS DIVISION

	Six Months ended June		
	2010	**2009**	**Change**
	HK$ million	***HK$ million***	
Hotel Revenue			
Hong Kong Hotels	**588.3**	**515.0**	**+ 14%**
Overseas Hotels	**915.9**	**654.4**	**+ 40%**
Others	**7.6**	**0.6**	**n.m.**
Total Hotel Revenue	**1,511.8**	**1,170.0**	**+ 29%**
Hotel Net Operating Income			
Hong Kong Hotels	**166.9**	**133.5**	**+ 25%**
Overseas Hotels	**55.9**	**(21.7)**	**n.m.**
Others	**5.5**	**0.3**	**n.m.**
Total Hotel Net Operating Income	**228.3**	**112.1**	**+ 104%**

Underpinned by an easing on corporate spending and increased demand for rooms from corporate and leisure travellers, occupancies have increased across all of our hotels. The increase in occupancy was the key driver behind the increase in Revenue Par Available Room, as only some of our hotels managed to achieve an increase in room rates for the half year period. Revenue of the Hotels Division for the half year period increased 29% year-on-year to HK$1,512 million.

In addition to the increase in revenue, renewed profit contribution from Langham London after the completion of its major renovation in the third quarter of 2009, and continued tight cost control contributed to the higher earnings at the Hotels Division. For the half year period, EBITDA from the Hotels Division increased by 104% year-on-year to HK$228 million.

While our hotels in Hong Kong have been gradually raising their rates on the back of increased occupancy, rates at our U.S. hotels are still under pressure and are still not quite where they stood before the recession.

During the period we announced the acquisition of a one-third interest at a cost of HK$570 million in a 357-room hotel in Xintiandi, Shanghai, which will be branded under "The Langham" and managed by Langham Hotels International. Apart from that, expansion of the Langham brands through an asset-light management-contract strategy has been continuing. The 204-room Eaton Luxe in Nanqiao, Shanghai opened in April 2010, and three other hotels are scheduled to open in the second half of this year.

EBITDA from the Hotels Division would have been higher, if we exclude the impact of a one-off provision associated with the rebranding of the Xintiandi property. Nevertheless, we expect the fees earned from operating the hotel will outweigh the cost incurred. Furthermore, the penetration of our brand to such a well sought after location will ensure a lift in the visibility of our brand, especially in the fast growing China hospitality market.

HONG KONG HOTELS

The Langham, Hong Kong

Encouraging economic growth in the region helped propel operational performance at the Langham Hong Kong in the first half of 2010. The return of corporate activities, in the absence of the H1NI virus threat, drove demand for hotel rooms from corporate travellers. With the resultant surge in occupancy, the hotel was able to raise room rates during the half year period. However, revenue from food and beverage dropped 2% year-on-year on softer wedding business.

For the six months ended June 2010, the hotel achieved an average occupancy of 76% (2009: 66%) and an average room rate of HK$1,723 (2009: HK$1,627 re-based*).

** The average room rate for our Hong Kong hotels in year 2009 has been re-based to include service charges, in line with industry practices.*

The Langham Place, Hong Kong

The return of corporate business led to a gradual pick up in occupancy, which boosted revenue from rooms for the half year period. The average room rate achieved of HK$1,429 in the first half of 2010 is 4% higher than that achieved in the first half of 2009. Demand for food and beverages also remained strong, as pick-up in catering for business and related events more than offset soft bookings for wedding banquets in the half year period.

For the six months ended June 2010, the hotel achieved an average occupancy of 82% (2009: 66%) and an average room rate of HK$1,429 (2009: HK$1,377 re-based).

Eaton Hotel, Hong Kong

The improved market sentiments led to sharply higher occupancy, which help lifted Revenue Par Available Room in the first half of 2010 even though room rates remained relatively flat. However, lower demand for catering services, particularly from the wedding segment has adversely impacted food and beverage revenue, which dropped by 7% year-on-year. Completion of the renovation of the lobby in the third quarter of this year will help to upgrade the positioning of the hotel and achieve better room rates in the coming year.

For the six months ended June 2010, the hotel achieved an average occupancy of 86% (2009: 69%) and an average room rate of HK$845 (2009: HK$840 re-based).

OVERSEAS HOTELS

The Langham, London

After undergoing a major renovation for the past two years, which had put a significant number of rooms out of service, the majority of the rooms have been made available at the Langham London during the first half of 2010. The hotel had an average of 352 rooms available during the first half of 2010, as compared with an average of 191 rooms in the prior-year period.

The re-launched hotel was well received and steady revenue growth has been witnessed. The high standard of the rooms have enabled the hotel to shift its focus to higher-yield retail and group business, resulting in higher room rates, which increased 5% year-on-year to £235.

For the six months ended June 2010, the hotel achieved an average occupancy of 65% on an average of 352 available rooms (2009: 57% on an average of 191 available rooms) and an average room rate of £235 (2009: £225).

The Langham, Boston

Langham Boston had a slow start to the year 2010, although recovery was seen in the second quarter supported by a stronger convention market and the return of corporate and roadshow business. There was an improvement in occupancy rate in the first half but achieved room rate decreased slightly and still some way below its previous high in 2008, due to continued market competition. Revenue from food and beverages were upheld by catering services to corporates events.

For the six months ended June 2010, the hotel achieved an average occupancy of 64% (2009: 50%) and an average room rate of US$213 (2009: US$215).

The Langham, Melbourne

Encouraging results for the first six months of the year as the hotel was able to gain market share in the corporate and retail business. Increase in room revenue was predominately driven by increased occupancy, which surpassed last year by 13 percentage points. However, as a result of increased competition from new hotel supply in the area, average room rate achieved dropped by 9% year-on-year to A$246 for the first half of 2010. The food and beverage department was supported by strong performance of the restaurants, which recorded growth in both average check and covers.

For the six months ended June 2010, the hotel achieved an average occupancy of 78% (2009: 65%) and an average room rate of A$246 (2009: A$269).

The Langham, Auckland

The improved market sentiments in the city have lifted the hotel's operating results, especially during the first quarter of 2010, when there was strong demand for rooms from the retail, meeting and conference business. Occupancy rate for the first half of 2010 increased by 6 percentage points year-on-year, while average room rate achieved stayed close to its level of 2008. The re-opening of the ballroom in March 2010 was partially responsible for a 34% year-on-year increase in revenue from food and beverages in the first half of 2010.

For the six months ended June 2010, the hotel achieved an average occupancy of 65% (2009: 59%) and an average room rate of N$174 (2009: N$172).

The Langham Huntington, Pasadena

The dependence of the hotel on domestic corporate and conference business has affected its business volume. Despite a 9 percentage-point increase in occupancy rate in the first half of 2010, the occupancy rate of 51% achieved was still below expectations.

For the six months ended June 2010, the hotel achieved an average occupancy of 51% (2009: 42%) and average room rate of US$224 (2009: US$220).

Delta Chelsea Hotel, Toronto

Occupancy for the hotel for the first half of 2010 gained marginally due to a rebound in leisure travel and large citywide events. However, intense competition kept average room rate at the same level as last year's. Revenue from food and beverages was also lower due to slow group activities in the city. The release of the 271 newly renovated rooms from the second quarter of this year will offer a higher quality product, which should help to support room rates.

For the six months ended June 2010, the hotel achieved an average occupancy of 66% (2009: 62%) and an average room rate of C$126 (2009: C$125).

DEVELOPMENT PROJECT

Dalian mixed-use development project

The site, which was acquired in October 2009 at a cost of approximately RMB734 million, sits on the waterfront in Dalian's Donggang area. It will be developed in two phases into approximately 1,200 high-end apartments and an approximately 350-room luxury international hotel, generating an aggregate gross floor area of approximately 286,000 sq. metres.

The Group holds a 50% equity interest in the project and is the project manager. The other 50% is held by an independent third-party. The arrangement not only allows us to allocate capital more efficiently, but at the same time enhances our economic return as we will be entitled to management and performance fees.

So far the project has been making satisfactory progress. The excavation works are expected to commence in the third quarter of 2010. A construction loan of RMB1,400 million has been secured. Up to the end of June 2010, the Group has invested RMB455 million (approximately HK$520 million) for its stake in the project.

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 our 2010 first-half results represented Champion REIT's distribution for the second half of 2009. Total contribution from Champion REIT, including asset management and other service fee income, came to HK$460 million over the first half of 2010, a growth of 12% over that of HK$409 million earned for the prior year period.

Citibank Plaza

As a result of returning demand for office space, Grade-A rental rates in the Central district recovered by about 10% in the first half of 2010. Notwithstanding its relatively high vacancies, spot rents at Citibank Plaza had recovered from the year end levels of HK$75 per sq. ft., to approximately HK$80 per sq. ft by June 2010. The return of some floors by a major tenant upon the expiry of its lease in June 2010 has decreased the occupancy rate at Citibank Plaza to 83.5%. For comparison, occupancy was 94.9% twelve months ago.

Langham Place Office Tower

Leasing conditions for the offices at Langham Place have been stable. The Office Tower had an occupancy rate of 98.3% as of 30 June 2010, notwithstanding the expiry of 22.6% of leases by floor area during the half year period. Langham Place's direct accessibility from the Mongkok MTR station and its reputation as a proven quality development have been important factors in retaining tenants and maintaining a high occupancy. The spot rents have been maintained at HK$24-32 per sq. ft.

Langham Place Mall

Despite the opening of new shopping malls in nearby Tsim Sha Tsui last year, the Mall enjoyed very high levels of foot traffic throughout the half year period and remained virtually fully leased. With the recovering economy and the absence of last year's H1N1 influenza scare, the sales performance of the tenants improved significantly during the half year period. As a result, the demand for retail spaces in the Mall has been strong, giving the landlord considerable pricing power. The impact of this positive trend on the Mall's income for the half year period has however been constrained by the small amount of tenancy rollovers.

On 16th August, 2010, Champion REIT declared a distribution of HK$0.1079 per unit for its first half results in 2010. A distribution of approximately HK$272 million is attributable to the Group, and will be reflected in the Group's second half's results in 2010.

Subsequent to the extension of the application of the takeover codes to SFC-authorised REITs, and after consultation with our auditor, we will be proceeding to reclassify our equity investment in Champion REIT as an associate company from 23rd July, 2010.

INVESTMENT PROPERTIES

Great Eagle Centre

In line with the improvement in business environment in Hong Kong since mid-2009, healthy demand from the non-financial firms kept Great Eagle Centre at close to full occupancy throughout the first half of 2010. To maximise income, we have converted approximately 21,000 sq. ft. of restaurant space in the building to office usage, which commands a higher rent rate.

Spot rents for offices increased from high HK$30's per sq. ft. at year end 2009 to mid-HK$40's at the end of June 2010. However, as the renewal rent rates were lower than those of the expiring leases, average passing rent at the Great Eagle Centre came to HK$44.4 per sq. ft. as at the end of June 2010, and 6% lower than the HK$47.2 per sq. ft. achieved as at the end of June 2009.

Despite the lower average passing rent, an increase in occupancy rate drove rental income for the Great Eagle Centre. Compared with an occupancy rate of 91.1% as at the end of June 2009, occupancy increased by 8.4 percentage points and stood at 99.5% as at the end of June 2010. As a result, gross rental income for the first half of 2010 increased by 8.5% year-on-year to HK$52.6 million. Net rental income rose 9.4% year-on-year to HK$50.6 million.

Eaton Serviced Apartments

An increase in demand for short-term accommodations mainly by the finance and banking industries, especially over the second quarter of this year, has lifted occupancy at our serviced apartments. Occupancy rate rose 21 percentage points year-on-year to 76.4% in the first half of 2010. However, due to increased competition from a surge in the supply of serviced apartments on Hong Kong Island, rental rates have been under pressure in the first half of 2010 with gross rental rate dropping by 25.2% year-on-year to HK$30.7 per sq. ft.

Gross rental income increased 2.1% year-on-year to HK$15.6 million, whereas net rental income increased 39.2% year-on-year to HK$11.2 million as a result of aggressive cost containment in 2010.

United States Properties

Despite the generally sluggish demand for office space from the corporate sector in the area, our US properties benefitted from an increase in tenant relocation activities. For the half year period, gross rental income increased by 6.3% year-on-year to HK$58.8 million, on the back of an 8 percentage-point increase in occupancy rate to 94% as at the end of June 2010. Average passing rent was steady at US$36.5 per sq. ft. over the half year period. However, due to an increase in tenant inducement costs associated with the new lettings, net rental income declined by 2% year-on-year to HK$23.3 million.

OUTLOOK

Our Hotels Division has probably passed the bottom of the down cycle and the properties are generally seeing improved operating conditions. Barring a sharp deterioration in the global economy, the gains in occupancy in the past several months will lay the ground for better room rates in the second half of 2010. We will at the same time place strong emphasis on yield management and cost rationalization to optimize results.

Our income from Champion REIT for the second half of 2010 will decline. The REIT has just declared a reduced distribution of HK$0.1079 per unit for the first half of 2010 due to higher vacancies and negative rental reversion at Citibank Plaza. Due to the 6-month time lag in recognizing distribution income, and lower property-income-based management fees, we will see lower contribution from the REIT in the second half. As pointed out in Champion's announcement, the vacancy rate at Citibank Plaza will possibly remain at a high level for the rest of the this year, which will exert pressure on rental income. Therefore our income from the REIT will remain suppressed through the first half of 2011. Nevertheless, given the overall low vacancy rate in the

Central Grade-A office market, renewed demand from the financial sector and the shortage of new supply, spot rents have been climbing and are poised for further strong growth in the coming year. Citibank Plaza should be a major beneficiary of that favourable trend. In the meantime, the REIT is expecting a strong pick up in rental income from the Langham Place Mall in the second half of 2010. The prospects are therefore good for a sustained recovery in contribution from Champion REIT starting in the second half of 2011.

With the Dalian project, we have embarked on our property development initiative in Mainland China. While there will be uncertainties in the market place as a result of the Central Government's efforts to rein in property prices, we are comfortable with the viability of the Dalian project in view of the low land cost and prime location. With our strengthened balance sheet and low gearing, we will continue to redeploy capital in projects that meet our threshold for quality and return.

The slower growth in China, the uncertain debt situations of European nations and the sputtering pace of recovery in the United States all contribute to a softer global economic outlook. This will add volatility to the business environments in which we operate in. Therefore, while we will try to capitalize on market weaknesses to make sound investments, we will always manage our finances conservatively.

FINANCIAL REVIEW

DEBT

Gross debts denominated in HK dollars amounted to HK$1,335 million as of 30 June 2010. Our foreign currency gross debts as of 30 June 2010 amounted to the equivalent of HK$2,962 million, of which the equivalent of HK$550 million, or 18.6% 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$1,827 million, our consolidated net debt outstanding as of 30 June 2010 was HK$2,470 million, an decrease of HK$122 million from that of HK$2,592 million as of 31 December 2009.

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 2010, investment in these bonds, structured deposits and notes amounted to HK$819 million. Should this amount be taken into account, the consolidated net borrowing of the Group would be reduced to HK$1,651 million.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 30 June 2010 and the depreciated costs of the Group's hotel properties, amounted to HK$23,604 million as of 30 June 2010. The net assets value at 30 June 2010 represents an increase of HK$1,287 million compared to the value of HK$22,317 million as of 31 December 2009, 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$2,470 million, the resulting gearing ratio at 30 June 2010 was 10%. Should the investment in bonds, structured deposits and notes mentioned above be recognized in the calculation, the gearing ratio will be reduced to 7%.

FINANCE COST

During the 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$25 million for the six period ended 2010. Consequently, there is no applicable interest cover ratio as at the end of the reporting period.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 30 June 2010, our cash, bank deposits and committed but undrawn loan facilities amounted to a total of HK$3,635 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 2010:

Within 1 year	38.9%
1-2 years	10.1%
3-5 years	51.0%

PLEDGE OF ASSETS

At 30 June 2010, properties of the Group with a total carrying value of approximately HK$9,875 million (31 December 2009: HK$9,895 million), were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2010, the Group has authorised capital expenditures not provided for in these financial statements amounting to approximately HK$95 million (31 December 2009: HK$309 million) of which approximately HK$70 million (31 December 2009: HK$309 million) was contracted for.

Other than set out above, the Group did not have any significant commitments and contingent liabilities as at 30 June 2010.

INTERIM DIVIDEND

The Board of Directors of the Company has resolved to declare an interim dividend of HK19 cents (2009: HK17 cents) per share for the six months ended 30 June 2010, payable on 15 October 2010 to shareholders whose names appear on the Registers of Members of the Company on Friday, 8 October 2010.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Tuesday, 5 October 2010 to Friday, 8 October 2010, 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 branch Share Registrars of the Company in Hong Kong, 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, 4 October 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "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 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 (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 Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules and the same is updated from time to time in accordance with the 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 six months period ended 30 June 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

EMPLOYEES

Due to seasonal effect, the number of employees of the Group increased approximately 3% to 4,440 during the period. 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. To further support the engagement of employees, our Hotel Division has also adopted the Total Quality Management (TQM) technology to drive development of people and continuous improvement of management systems.

In 2010, the Group has operated its competency-based human resources management module and implemented its 2010 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.

REVIEW OF INTERIM RESULTS

The financial statements for the six months ended 30 June 2010 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 Deloitte Touche Tohmatsu, the independent auditors of the Company 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

As at the date of this announcement, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintains 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 2010 Interim Report of the Company will be despatched to Shareholders and published on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.GreatEagle.com.hk) on or about 3 September 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, 20 August 2010

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Notes	**Six Months Ended 30 June 2010 HK$'000 (unaudited)**	2009 HK$'000 (unaudited)
Revenue	(3)	**2,240,643**	1,817,896
Cost of goods and services		**(1,413,200)**	(1,172,211)
Operating profit before depreciation and amortisation		**827,443**	645,685
Depreciation and amortisation		**(165,402)**	(170,807)
Operating profit		**662,041**	474,878
Fair value changes on investment properties		**165,621**	60,421
Fair value changes on derivative financial instruments		**98,371**	118,288
Fair value changes on financial assets carried at fair value through profit or loss		**12,030**	20,769
Other income		**91,470**	190,262
Administrative expenses		**(107,650)**	(106,329)
Other expenses		**(556)**	(2,188)
Impairment loss recognised in respect of a hotel property		**-**	(289,490)
Finance costs	(5)	**(62,786)**	(68,961)
Share of results of associates		**11,450**	132
Profit before tax		**869,991**	397,782
Income taxes	(6)	**(74,633)**	112,967
Profit for the period attributable to owners of the Company	(7)	**795,358**	510,749
Earnings per share	(9)		
Basic		**HK$1.28**	HK$0.84
Diluted		**HK$1.27**	HK$0.84

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2010

	Six Months Ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**795,358**	510,749
Other comprehensive income		
Fair value gain on available for sale investments	**797,786**	1,093,158
Surplus on revaluation of an owner occupied building upon change of use	**3,789**	-
Exchange differences arising on translation of foreign operations	**(115,323)**	288,320
	686,252	1,381,478
Total comprehensive income for the period attributable to owners of the Company	**1,481,610**	1,892,227

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2010

	Notes	**At 30 June 2010 HK$'000 (unaudited)**	At 31 December 2009 HK$'000 (restated)
Non-current assets			
Property, plant and equipment		**9,731,259**	9,875,148
Investment properties		**3,753,908**	3,651,711
Deposit for acquisition of leasehold land		**-**	591,000
Interests in associates		**67,787**	59,466
Interest in a jointly controlled entity		**520,112**	-
Available for sale investments		**9,110,380**	8,083,050
Investment in convertible bonds		**2,884,002**	2,721,509
Notes receivable		**168,227**	223,413
Amounts due from associates		**12,077**	12,077
Restricted cash		**-**	61,521
Financial assets carried at fair value through profit or loss		**77,853**	77,551
		26,325,605	25,356,446
Current assets			
Inventories		**56,282**	65,774
Debtors, deposits and prepayments	(10)	**404,852**	339,765
Financial assets carried at fair value through profit or loss		**132,325**	340,634
Notes receivable		**573,130**	204,118
Bank balances and cash		**1,826,849**	1,859,563
		2,993,438	2,809,854
Current liabilities			
Creditors, deposits and accruals	(11)	**679,589**	635,920
Derivative financial instruments		**578**	591
Provision for taxation		**87,149**	66,145
Borrowings due within one year		**1,670,011**	247,040
Unsecured bank overdrafts		**114**	9,331
		2,437,441	959,027
Net current assets		**555,997**	1,850,827
Total assets less current liabilities		**26,881,602**	27,207,273

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
AT 30 JUNE 2010

	At 30 June 2010 HK$'000 (unaudited)	At 31 December 2009 HK$'000 (restated)
Non-current liabilities		
Borrowings due after one year	**2,626,497**	4,257,328
Deferred taxation	**650,790**	632,841
	3,277,287	4,890,169
NET ASSETS	**23,604,315**	22,317,104
Equity		
Share capital	**311,398**	310,913
Share premium and reserves	**23,292,917**	22,006,191
TOTAL EQUITY	**23,604,315**	22,317,104

(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 and with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

(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.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except for the following new accounting policies which have been adopted by the Group.

Property, plant and equipment

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the condensed consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the condensed consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group’s share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group’s share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group’s net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group’s interest in the jointly controlled entity.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. The Group applies HKFRS 3 (Revised 2008) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised 2008) are applicable, the application of HKFRS 3 (Revised 2008) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

(2) PRINCIPAL ACCOUNTING POLICIES (Continued)

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised 2008) and the consequential amendments to the other HKFRSs are applicable.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Company. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

In respect of the disposal of 50% of the Group's equity interest in Wealth Joy Holdings Limited, an indirectly wholly owned subsidiary, the application of HKAS 27 (Revised 2008) and consequential amendments to HKAS 31 has no material impact on the condensed consolidated financial statements of the Group.

Amendment to HKAS 17 Leases

As part of "Improvements to HKFRSs" issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the condensed consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions of amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 January 2010 based on information that existed at the inception of these leases. Leasehold land that qualifies finance lease classification has been reclassified from prepaid lease payment to property, plant and equipment retrospectively, resulting in a reclassification of prepaid lease payment with previous carrying amount of HK$1,751,184,000 at 1 January 2009 as property, plant and equipment that are measured at cost model.

(2) PRINCIPAL ACCOUNTING POLICIES (Continued)

Summary of the effect of the changes in accounting policies

The application of the amendment to HKAS 17 "Leases" had no material effect on the results for the current and prior periods and its effect on the financial positions of the Group as at 31 December 2009 and 1 January 2009 are as follows:

	31 December 2009		
	Originally stated HK$'000	**Adjustments HK$'000**	**Restated HK$'000**
Property, plant and equipment	8,168,735	1,706,413	9,875,148
Prepaid lease payments	1,706,413	(1,706,413)	-
Total effects on net assets	9,875,148	-	9,875,148

	1 January 2009		
	Originally stated HK$'000	**Adjustments HK$'000**	**Restated HK$'000**
Property, plant and equipment	8,038,660	1,751,184	9,789,844
Prepaid lease payments	1,751,184	(1,751,184)	-
Total effects on net assets	9,789,844	-	9,789,844

The application of other new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[2] Effective for annual periods beginning on or after 1 February 2010
[3] Effective for annual periods beginning on or after 1 July 2010
[4] Effective for annual periods beginning on or after 1 January 2011
[5] Effective for annual periods beginning on or after 1 January 2013

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, 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.

The Directors anticipate that the application of other new and revised 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, property and insurance agency commission and income from fitness centre operations.

	Six Months Ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Property rental income	**130,471**	122,545
Building management service income	**9,374**	9,380
Hotel income	**1,511,789**	1,122,384
Sales of goods	**38,603**	63,122
Dividend income	**324,106**	273,274
Management service income earned as a manager of real estate investment trust	**93,617**	105,194
Others	**132,683**	121,997
	2,240,643	1,817,896

(4) SEGMENT INFORMATION

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. The Group’s operating segments under HKFRS 8, which are consistent with those disclosed in the Group's annual financial statements for the year ended 31 December 2009, are as follows:

Property investment	-	gross rental income and building management service income from leasing of furnished apartments and properties held for investment potential.
Hotel operation	-	hotel accommodation, food and banquet operations.
Income from Champion REIT	-	dividend income from Champion Real Estate Investment Trust ("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.

Segment results represent the results of 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 loss recognised in respect of a hotel property, 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.

(4) SEGMENT INFORMATION (Continued)

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

Six months ended 30 June 2010

	Property investment	Hotel operation	Income from Champion REIT	Other operations	Eliminations	Consolidated
	HK$'000 (unaudited)	HK$'000 (unaudited)	HK$'000 (unaudited)	HK$'000 (unaudited)	HK$'000 (unaudited)	HK$'000 (unaudited)
SEGMENT REVENUE						
External sales	139,845	1,511,789	460,265	128,744	-	2,240,643
Inter-segment sales	10,327	-	-	6,650	(16,977)	-
Total	150,172	1,511,789	460,265	135,394	(16,977)	2,240,643

Inter-segment sales are charged at mutually agreed prices and are recognised when services are provided.

	Property investment	Hotel operation	Income from Champion REIT	Other operations	Eliminations	Consolidated
RESULTS						
Segment result	88,119	228,602	445,834	121,177		883,732
Unallocated corporate income						1,031
Unallocated corporate expenses						(74,056)
Depreciation and amortisation						(165,402)
Fair value changes on investment properties						165,621
Fair value changes on derivative financial instruments						98,371
Fair value changes on financial assets carried at fair value through profit or loss						12,030
Finance costs						(62,786)
Share of results of associates						11,450
Profit before tax						869,991
Income taxes						(74,633)
Profit for the period attributable to owners of the Company						795,358

(4) SEGMENT INFORMATION (Continued)

Six months ended 30 June 2009

	Property investment	Hotel operation	Income from Champion REIT	Other operations	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
SEGMENT 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 and are recognised when services are provided.

	Property investment	Hotel operation	Income from Champion REIT	Other operations	Eliminations	Consolidated
RESULTS						
Segment result	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 property						(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

(5) FINANCE COSTS

	Six Months Ended 30 June 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Interest on bank borrowings wholly repayable within five years	**34,517**	42,012
Interest on other loans wholly repayable within five years	**21,931**	22,047
Other borrowing costs	**6,338**	4,902
	62,786	68,961

(6) INCOME TAXES

	Six Months Ended 30 June 2010 HK$'000 (unaudited)	2009 HK$'000 (unaudited)
Current tax:		
Current period:		
Hong Kong Profits Tax	**42,975**	54,360
Other jurisdictions	**10,310**	5,487
	53,285	59,847
Under(over)provision in prior periods:		
Hong Kong Profits Tax	**240**	(72)
Other jurisdictions	**-**	(198)
	240	(270)
	53,525	59,577
Deferred tax:		
Current period	**21,108**	(172,544)
	74,633	(112,967)

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

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	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Staff costs (including directors' emoluments)	**673,439**	555,823
Share based payments (including directors' emoluments)	**5,703**	1,988
	679,142	557,811
Depreciation on		
- leasehold land	**22,387**	22,387
- freehold land and hotel buildings	**91,672**	89,997
- other property, plant and equipment	**51,343**	58,423
	165,402	170,807
Loss on disposal of property, plant and equipment		
(included in other expenses)	**-**	242
Net exchange loss	**556**	1,945
and after crediting:		
Dividend income from listed investments:		
- Champion REIT	**324,080**	273,239
- Others	**26**	35
	324,106	273,274
Release of overprovision on construction fee payable (Note)	**-**	105,256
Interest income	**87,714**	82,735

Note:

During the period ended 30 June 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 which was included in other income as disclosed in the condensed consolidated income statement.

(8) DIVIDENDS

	Six Months Ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends paid and recognised as distribution during the period:		
2009 Final dividend paid – HK35 cents per share	**217,938**	-
2008 Final dividend paid – HK35 cents per share	**-**	213,381
	217,938	213,381
Interim dividend declared – HK19 cents per share		
(six months ended 30 June 2009: HK17 cents per share)	**118,331**	105,711

(8) DIVIDENDS (Continued)

On 15 June 2010, a dividend of HK35 cents per share (final dividend of 2008: HK35 cents per share), which included scrip dividend alternatives offered to shareholders, was paid to shareholders as the final dividend for 2009. The scrip dividend alternatives were accepted by the shareholders as follows:

	Six Months Ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends:		
Cash	**215,687**	56,852
Share alternative	**2,251**	156,529
	217,938	213,381

The Directors have determined that an interim dividend of HK19 cents per share (2009: HK17 cents per share) will be paid to the shareholders of the Company whose names appear in the Register of Members on 8 October 2010.

(9) EARNINGS PER SHARE

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

	Six Months Ended 30 June	
	2010	2009
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**795,358**	510,749

	Six Months Ended 30 June	
	2010	2009
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**622,451,479**	609,932,940
Effect of dilutive potential shares:		
Share options	**1,534,034**	-
Weighted average number of shares for the purpose of diluted earnings per share	**623,985,513**	609,932,940

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 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
Trade debtors, net of allowance for doubtful debts	**263,350**	225,706
Deferred rent receivables	**21,939**	20,153
Other receivables	**45,538**	37,768
Deposits and prepayments	**74,025**	56,138
	404,852	339,765

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 certain customers.

The following is an analysis of trade debtors by age, presented based on the invoice date, net of allowance for doubtful debts.

	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
0 - 3 months	**257,226**	220,820
3 - 6 months	**3,566**	4,086
Over 6 months	**2,558**	800
	263,350	225,706

(11) CREDITORS, DEPOSITS AND ACCRUALS

	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
Trade creditors	**130,323**	150,826
Rental deposits	**165,200**	146,432
Construction fee payable and retention money payable	**6,446**	15,794
Accruals, interest payable and other payables	**377,620**	322,868
	679,589	635,920

The following is an analysis of trade creditors by age, presented based on the invoice date.

	30 June 2010 HK$'000 (unaudited)	31 December 2009 HK$'000 (audited)
0 - 3 months	**122,945**	145,207
3 - 6 months	**2,031**	43
Over 6 months	**5,347**	5,576
	130,323	150,826