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)

2011 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 2011 as follows:

	Six months ended 30 June 2011	2010 (restated)	
Key Financial Figures	***HK$ million***	***HK$ million***	**Change**
Revenue	**2,230.3***	**2,240.6**	**-0.5%**
Statutory Profit attributable to equity holders	**2,770.6**	**820.5**	**237.7%**
Profit from core business after tax	**752.3**	**602.4**	**24.9%**
Profit from core business after tax (per share)	**HK$1.19**	**HK$0.97**	**22.7%**
Interim Dividend (per share)	**HK$0.21**	**HK$0.19**	

	June 2011	As at the end of December 2010 (restated)
Net Gearing	**5%**	**7%**
Book value (per share)	**HK$51.4**	**HK$47.6**

* *The drop in revenue was primarily due to effect of re-classification of our investment in Champion REIT, which has been reclassified as an associate from July 2010. As a result, dividend income from Champion REIT amounting to HK$267 million was not included in 2011's first half revenue.*

ACCOUNTING POLICIES AND BASIS OF PREPARATION

For the fiscal year 2011, changes in accounting policies and basis of preparation have been made in deriving the Group's revenue, operating profit, statutory and core business after tax ("core profit"). The changes have been necessary due to the reclassification of our investment in Champion REIT, which became an associate in July 2010 after modification to Hong Kong's REIT Code, as well as the early adoption of Hong Kong Accounting Standard (HKAS) 12.

In relation to Group revenue, operating profit and statutory profit, the share of results of Champion REIT will now be captured under the share of results from associates, as opposed to our previous practice of recognising dividend income from Champion REIT. This will have the impact of lowering revenue and operating profit, as dividend income from Champion REIT was previously included as part of revenue and operating profit. With regard to the early adoption of HKAS 12, the consequence of this is that the Group is no longer required to account for deferred tax on the revaluation of our investment properties in Hong Kong, where there is no taxation on capital gains.

On the Group's core profit, which the Management Discussion and Analysis will focus on, the accounting change will be less substantial. As the Group still considers dividend income to be a more meaningful measure of financial return from our investment in Champion REIT, core profit will continue to be based on attributable dividend income from Champion REIT, rather than the share of its results. Moreover, since our investment in Champion REIT has been reclassified from investment securities to an associate, it became feasible to incorporate dividend distributable by Champion REIT in respect of the same financial period as our reporting period.

Compared with our prior practice of recognising dividend declared by Champion REIT from the prior financial period, this adjustment of recognising the same period dividend income will eliminate the time lag effect inherent in past financial statements. The revised practice on core profit will better reflect the performance of the Group and its associates during the relevant financial period. Distribution income from Champion REIT in the first half of 2010 has been restated to provide a like-for-like comparison on core profit. With regard to the early adoption of Hong Kong Accounting Standard 12, there is no impact on core profit, as core profit does not include the impact of revaluation of investment properties.

The following table summarises the changes on the Group's revenue, operating profit, statutory and core profit after the reclassification of Champion REIT as an associate and the early adoption of Hong Kong Accounting Standard 12:

	Interim Results 2011 New practice	Interim Results 2010 Prior practice
Revenue and operating profit		
1. *Reclassification of Champion REIT as an associate*	Dividend income from Champion REIT will *not* be recognised in the Group's revenue and operating profit	Incorporated attributable dividend from Champion REIT of the previous relevant financial period (i.e. dividend declared for 2H 2009) in the Group's revenue and operating profit
Reported statutory profit		
1. *Reclassification of Champion REIT as an associate*	Share of results of Champion REIT included under share of results of associates	Attributable dividend from Champion REIT of the previous relevant financial period (i.e. dividend declared for 2H 2009)
2. *Early adoption of Hong Kong Accounting Standard 12*	Not required to account for deferred tax on the revaluation of our investment properties in Hong Kong	Required to account for deferred tax on the revaluation of our investment properties in Hong Kong
Core profit		
1. *Reclassification of Champion REIT as an associate*	Share of results of Champion REIT will *not* be included Attributable dividend from Champion REIT of the *same* financial period (i.e. dividend declared for 1H 2011)	Attributable dividend from Champion REIT of the previous relevant financial period (i.e. dividend declared for 2H 2009)
2. *Early adoption of Hong Kong Accounting Standard 12*	No impact	No impact

OVERVIEW

2011 started on a solid footing, especially for the Group's hotel business in Hong Kong, where strong business momentum continued. The Group's hotel in London also performed strongly in the first half of 2011, as the hotel continues to gain recognition as one of the top hotels in Central London after its major renovation. With stable economic conditions, our two hotels in Australasia also posted steady growth, whereas our hotels in North America saw some recovery in their operations, albeit at a slow pace. There was a small decline in income from Champion REIT in the half year period, reflecting the higher vacancy at Citibank Plaza compared to a year ago.

Core profit increased 24.9%, or HK$150 million, year-on-year to HK$752 million for the first half of 2011. The increase came primarily from a higher contribution from the Hotels Division, as well as lower interest expense.

HOTELS DIVISION

	Six months ended 30 June		
	2011	**2010**	**Change**
	HK$ million	***HK$ million***	
Hotel Revenue			
Hong Kong Hotels	675.0	588.3	+ 14.7%
Overseas Hotels	1,111.3	915.9	+ 21.3%
Others	15.0	7.6	+ 97.4%
Total Hotel Revenue	1,801.3	1,511.8	+ 19.1%
Hotel EBITDA			
Hong Kong Hotels	242.9	166.9	+ 45.6%
Overseas Hotels	166.0	55.9	+ 197.0%
Others	9.8	5.5	+ 78.2%
Total Hotel EBITDA	418.7	228.3	+ 83.4%

Hong Kong continues to be one of our strongest markets with RevPAR growth of between 15-21% in the first half of 2011. The strong momentum in business and leisure travel built up in the second half of 2010 continued into the first half of 2011. With average occupancy in excess of 80%, we were able to raise room rates throughout the first half of 2011. The increase in room rates was the predominate driver for the growth in RevPAR for the period. Gross revenue for Hong Kong in the first half of 2011 rose 14.7% year-on-year from HK$588.3 million to HK$675 million.

Among our overseas hotels, the strongest performance came from London with a 32% increase in RevPAR in the first half of 2011, whereas Melbourne and Auckland also recorded steady RevPAR growth. Hotels in Boston, Pasadena and Toronto showed some improvement in occupancy from low bases, but competitive market conditions and weak demand for lodging continued to place pressure on room rates. Total revenue from hotels outside of Hong Kong increased by 21.3% to HK$1,111.3 million in the first half of 2011, from HK$915.9 million in the first half of 2010. Overall revenue of the Hotels Division increased 19.1% year-on-year to HK$1,801.3 million in the first half of 2011.

As the increases in room rates were the key drivers for RevPAR growth at the majority of our hotels, this led to an expansion of EBITDA margins at the Hotels Division. Compared with a 19.1% growth in revenue, EBITDA from the Hotels Division rose 83.4% year-on-year to HK$418.7 million in the first half of 2011. Hotels in Hong Kong contributed an EBITDA of HK$242.9 million, a growth of 45.6%. EBITDA from hotels outside of Hong Kong increased by 197% from HK$55.9 million in the first half of 2010 to HK$166 million in the first half of 2011, with the biggest increase coming from London. (Note: in the first half of 2010, a one-off re-branding expense was booked, which lowered the base for EBITDA comparisons.)

HONG KONG HOTELS

The Langham, Hong Kong

Benefiting from an increase in visitor arrivals, Langham Hong Kong was able to grow its average room rate and maintain a high occupancy level over the first half of 2011. There was some disruption on the Hotel's operation in March after the earthquake and tsunami in Japan, but the impact was short-lived. At the same time, the increase in arrivals from Mainland China as well as other parts of the Asia-Pacific region more than offset the slower arrivals from Japan. With a high level of occupancy rate, the focus was on maximising room rates, and the Hotel was able to deliver a 21% increase in average room rate over the first half of 2010. Revenue from food and beverage rose 18% over the first half of 2010 on increased covers and checks, as well as a stronger banqueting business.

For the six months ended June 2011, the hotel achieved average occupancy of 76% (2010: 76%) and an average room rate of HK$2,088 (2010: HK$1,723).

Langham Place, Hong Kong

In addition to the rebound in corporate travel, the increase in leisure business led by arrivals from Southeast Asia and Mainland China helped to maintained occupancy at 83% in the first half. That has allowed the Hotel to increase its average room rates by 20%, which in turn led to a 21% increase in room revenue.

Revenue from food and beverage at the Hotel rose 10% year-on-year mainly due to an increased number of corporate functions and strong performance at the Hotel's award winning Chinese restaurant.

For the six months ending June 2011, the hotel achieved average occupancy of 83% (2010: 82%) and an average room rate of HK$1,720 (2010: HK$1,429).

Eaton Smart, Hong Kong *(rebranded from Eaton in November 2010)*

The Hotel achieved a 19% increase in average room rate over the first half of 2010, due to increased demand from corporate and leisure travellers from Southeast Asia and Mainland China. However, as a result of the transition towards more leisure guests from Southeast Asia and Mainland China, the Hotel's occupancy dropped by 3.2 percentage points in the first half of 2011.

With increased competition from other restaurants for wedding banquets, the Hotel's catering business softened. This coupled with slower business at the Japanese restaurant led to marginally lower revenue for food and beverage. This dropped by 2% in the first half of 2011.

For the six months to June 2011, the hotel achieved average occupancy of 82.4% (2010: 85.6%) and an average room rate of HK$1,006 (2010: HK$845).

OVERSEAS HOTELS

The Langham, London

After its re-launch last year, the Hotel continued to gain recognition as one of the top hotels in Central London. This has helped to increase its high-yielding leisure business. Together with the revival in the corporate market, the Hotel was able to increase its average room rate by 16% over the first half of 2010. Occupancy rose by 9 percentage points over the first half of 2010 to reach 74% on an average of 377 available rooms in the first half of 2011, compared with 65% on an average of 352 available rooms in the first half of 2010. As a result, the Hotel achieved a significant turnaround in operating results, with room revenue increasing by 41% in the first half of 2011. Revenue from food and beverage also rose 26% on increased corporate and banqueting events.

For the six months ended June 2011, the hotel achieved occupancy of 74% on an average of 377 rooms (2010: 65% on an average of 352 rooms) and an average room rate of £273 (2010: £235).

The Langham, Boston

Despite harsh weather conditions which caused major travel disruptions at the beginning of the year coupled with a stagnant economy, there was some rebound in corporate activities over the first half of 2011. However, as the hospitality market remained competitive, the average room rate achieved for the Hotel only rose by 6% year-on-year over the first half of 2011. Occupancy rate rose by 2 percentage points year-on-year over the first half of 2011.

For the six months to June 2011, the hotel achieved average occupancy of 66% (2010: 64%) and an average room rate of US$225 (2010: US$213).

The Langham, Melbourne

Despite lower demand from corporate travellers during weekdays, the Hotel registered a surge in higher yielding leisure travellers over the weekends. As a result, the Hotel was able to grow its average room rate by 8% year-on-year over the first half of 2011. During the first half of 2011, the first phase of the refurbished rooms comprising 78 rooms was released to the market, further enhancing the competitive position of the Hotel in Melbourne. Revenue from food and beverage was lifted by increased business at the restaurants, which offset slower demand for catering services over the first half of 2011.

For the six months to June 2011, the hotel achieved occupancy of 79% on an average of 381 rooms (2010: 78% on an average of 387 rooms) and an average room rate of A$266 (2010: A$246).

The Langham, Auckland

With continued improvement in market sentiment, the Hotel witnessed an increase in retail, meetings and conference business, which helped lift both occupancy and room rates. Average room rate achieved increased by 6% year-on-year over the first half of 2011, whereas occupancy rose by 4 percentage points year-on-year over the first half of 2011. The increase in revenue from food and beverage was more significant, following the renovation of the ballroom which was completed in March last year.

For the six months ended June 2011, the hotel achieved average occupancy of 69% (2010: 65%) and an average room rate of NZ$185 (2010: NZ$174).

The Langham Huntington, Pasadena

Despite a challenging economic and operating environment, the Hotel showed an improvement in results compared to the prior-year period. The improvement was mainly due to higher occupancy, which rose by 11 percentage points year-on-year in the first half of 2011, as the Hotel was able to capture more retail leisure business. However, demand from domestic corporate and conference business remains weak. The increased guest mix towards lower yielding retail leisure travellers diluted the average room rate achieved in the first half of 2011, and it dropped 4% year-on-year. Revenue from food and beverage rose 15% year-on-year.

For the six months to June 2011, the hotel achieved average occupancy of 62.7% (2010: 51.4%) and an average room rate of US$ 214 (2010: US$224).

Delta Chelsea Hotel, Toronto

The Hotel managed to deliver stable performance with a 5% year-on-year growth in RevPAR in the first half of 2011. The increase was driven by an increase in occupancy rate, though average room rate achieved dropped by 1% year-on-year. Even though there were no major conferences over the first half of this year, the steady rebound in leisure and corporate business helped drive occupancy. Nevertheless, average room rate remained suppressed due to a continued competitive market environment. Revenue from food and beverage increased 8% year-on-year on increased catering demand from corporate functions and banquets.

For the six months to June 2011, the hotel achieved average occupancy of 70% (2010: 66%) and an average room rate of C$125 (2010: C$126).

DEVELOPMENT PROJECTS

Dalian Mixed-use Development Project

The Group has a 50% equity interest in this project in Dalian's Donggang area and acts as the project manager. The site is earmarked for the development of approximately 1,200 high-end apartments and a luxury international hotel with approximately 350 rooms, generating an aggregate gross floor area of approximately 286,000 sq. metres.

All major approvals to design were obtained by February 2011. The project is being developed in two phases. The first phase will comprise a portion of the high-end luxury apartments, and the second phase will include the remaining luxury apartments and the hotel. Following the completion of excavation works in March 2011, foundation works are currently underway. The project is targeted for completion in two phases between 2015 and 2017.

The maintenance of price stability in the property markets has emerged as a top priority on the Central Government's policy agenda. At present there are restrictions on residential home purchase for residents of Dalian. This could potentially lead to a slowdown in property transactions and prices of residential properties. Nevertheless with the completion of our project still several years away, the prime location and low land cost should continue to make our Dalian project a highly viable investment.

Up to the end of June 2011, the Group has invested HK$575 million for its stake in the project.

Hotel development project in Chicago

In December 2010, the Group acquired a 100% interest in a project in Downtown Chicago, USA for conversion into a 330-room luxury hotel at an initial cost of the approximately US$ 60 million. There will be additional construction costs relating to the redevelopment work of the project. The project comprises the lower 13 floors and part of the basement of an existing commercial building at 330 Wabash Avenue (previously known as the IBM Building) in Chicago City Centre. An internationally renowned designer has been retained to undertake the design of the hotel. The redevelopment is currently scheduled for completion in 2013 and the hotel is expected to be branded a Langham. This investment is supported by its bottom-of-the-cycle valuation and is part of the Group's strategy to establish a presence in strategic gateway cities to anchor our hotel brand.

INCOME FROM CHAMPION REIT

As mentioned at the beginning of this Management's Discussion and Analysis, due to the reclassification of our investment in Champion REIT as an associate from July 2010, the share of results from Champion REIT was included in the Group's statutory profit. However, the Group still considers dividend income to be a more meaningful measure of financial return from our investment in Champion REIT. Hence our core profit will be based on attributable dividend income from Champion REIT in respect of the same financial period as our reporting financial period.

On that basis, distribution income from Champion REIT dropped 2.2% year-on-year to HK$267 million. With lower net property income achieved by Champion REIT and a lower level of leasing activity done via the Group's agents in the first half of 2011, management fee income from Champion REIT decreased 7% year-on-year from HK$136.2 million in the first half of 2010 to HK$126.6 million in the first half of 2011.

	Six months ended 30 June 2011	2010 (restated)	Change
	HK$ million	*HK$ million*	
Dividend income	267.0	272.9	- 2.2%
Management fee income	126.6	136.2	- 7.0%
Total income from Champion REIT	**393.6**	**409.1**	**- 3.8%**

Citibank Plaza

Progress on leasing during the first half of 2011 led to improved occupancy at Citibank Plaza. Vacancy rate improved from 18.5% in December 2010 to 11.4% as at the end of June. Spot rents at Citibank Plaza improved from around HK$100 per sq. ft. at the end of 2010 to roughly HK$120 per sq. ft. during the first half. However, passing rental rates remained flat over the half year period, as a number of the larger leases commencing in 2011 were negotiated in 2010 when rent levels were still below HK$100 per sq. ft. Net property income at Citibank Plaza fell by 6.2% year on year to HK$464 million due to a combination of lower rental revenue, and higher expenses associated with the higher percentage of new letting relative to renewals.

Langham Place Office Tower

The occupancy rate increased slightly from 99.4% as of December 2010 to 99.6% as at the end of June 2011. With easing pressure from office supply in the peripheral Kowloon East area, spot rents have increased. However, as the majority of the leases that commenced in the first half of 2011 were negotiated last year, passing rents were stable at HK$26.93 per sq. ft. as of June 2011. Revenue at the office tower came to HK$126 million over the first half of 2011, compared to HK$135 million for the corresponding period in 2010. The drop was due to the loss of naming right agreement income of about HK$7 million. Net property income fell from HK$108 million to HK$101 million.

Langham Place Mall

The Mall enjoyed very high levels of foot traffic and has remained virtually fully let in the first half of 2011. Revenue increased by 10.3% from HK$230 million to HK$254 million. Revenue growth would have been even stronger were it not for the expiry of a naming right agreement at the end of last year, which resulted in the loss of income of about HK$6 million. Net property income at the Mall increased by 12.7% to HK$200 million.

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INVESTMENT PROPERTIES

Great Eagle Centre

	Office	**Retail**	**Total**
	in sq. ft.	***in sq. ft.***	***in sq. ft.***
As at June 2010 (i.e. before conversion on the 3rd floor)			
Total gross floor area	193,271	76,903	270,174
Total lettable floor area	162,508	37,144	199,652
As at June 2011 (i.e. after conversion on the 3rd floor)			
Gross floor area	214,230	55,944	270,174
Lettable floor area	173,308	26,344	199,652
Space occupied by the Group and its subsidiaries (all in lettable area)			
As at June 2010			
Permanent space occupied	17,407	12,585	
As a % of total office/retail lettable area	10.7%	33.9%	
As at June 2011			
Permanent space occupied	28,207	12,585	
As a % of total office/retail lettable area	16.3%	47.8%	
Temporary space occupied	3,581		
As a % of total office/retail lettable area	2.1%		

On the back of new and expansion demand from the service sector and Mainland Chinese companies, the office portion was fully occupied at the end of June 2011, compared with 99.4% a year ago. Average passing rent for the office portion also increased by 5.4% from HK$44.1 per sq. ft. as of June 2010 to HK$46.4 per sq. ft. as of June 2011. While the retail space accounted for a smaller portion of total lettable space at Great Eagle Centre, it has also benefitted from positive rental reversion, which lifted retail average passing rent from HK$68.1 per sq. ft. as of June 2010 to HK$78.8 per sq. ft. as of June 2011. Retail occupancy was stable at 93.5% as at the end of June 2011 compared with beginning of the year.

There has been an increase in space occupied by the Group in the building. The rental related thereto is eliminated on consolidation. The eliminated rental income led to a slower 2.5% growth in overall rental income for Great Eagle Centre from HK$52.6 million in the first half of 2010 to HK$53.9 million in the first half of 2011. Net rental income rose by a higher rate of 5.2% from HK$50.6 million in 2010 to HK$53.2 million in the first half of 2011, as a result of a one-time expense booked in the first half of 2010.

Eaton Serviced Apartments

An increased inflow of overseas professionals drove rental rates for the serviced apartments in Hong Kong during the first half. There was also some short-term one-off demand from the Japan market in March after the earthquake there.

Compared with the first half of last year, when a surge in the supply of serviced apartments placed pressure on rates, the moderation in supply of new serviced apartments in recent quarters has helped to support rental rates during the first half of 2011. Achieved rental rate rose 34% year-on-year to HK$41.2 per sq. ft. over the first half of 2011. However, as competition in the market is still keen, this has affected our ability to maintain business volume at the increased rental rates. As a result, occupancy for the first half of 2011 dropped by 6 percentage points year-on-year to 70%. Gross rental income increased 21.8% year-on-year to HK$19 million, whereas net rental income increased 14.2% year-on-year to HK$12.8 million.

United States Properties

As the office market recovery continues in the U.S., there are signs that asking rental rates are firming up in the San Francisco Bay Area since the second quarter of 2011. However, as the average passing rental rates for our office portfolio remained above market levels, it has been difficult for us to lift our passing rents in the first half of 2011. Nonetheless, the longer duration of the leases in the U.S. and a smaller amount of expiring leases have helped to mitigate the impact of negative rental reversion. Average rent achieved over the half year period was steady at US$ 36.5 per sq. ft.

On the other hand, a lower level of occupancy in the early part of the half year period has resulted in lower gross rental income for the U.S. properties. The lower occupancy was primarily due to departure of some tenants at 500 Ygnacio and 353 Sacramento in the second half of last year. Nonetheless, the majority of that vacant space had been re-leased in 2011, and occupancy rate actually rose by 5 percentage-points to 95% as at the end of June 2011 from the beginning of the year. But with little rental contribution from the new leases in the first half, gross rental income dropped by 4.9% year-on-year to HK$55.9 million. At the same time, the increase in leasing activities has increased tenant inducement costs. Net rental income as a result declined by 10.2% year-on-year to HK$20.9 million.

OUTLOOK

Moving through the year, we expect to face a progressively tougher operating environment, as a confluence of weak economic growth in the U.S., liquidity tightening in China and the lack of progress of European debt restructuring will all weigh on business sentiment and raised chances of prolonged slow growth in global economies. Despite the bulk of our income is derived from the Asia region, where economic conditions are relatively healthier than that of the U.S. and Europe, we should not underestimate the potential impact on our operations.

The second half of the year has historically been the stronger half for our Hotels Division. Barring a sharp slowdown in the economy, our hotels in Hong Kong should continue to benefit from a sustained inflow of Mainland tourists. Langham London may also post further growth in room rates, given increasing recognition of its premium market positioning. Hotels in other international markets will reflect a combination of steady performance in some markets and continued uncertainty in others. Nonetheless, we will also place strong emphasis on yield management and cost rationalisation to further optimise results.

At Champion REIT, the pick up in leasing activities at Citibank Plaza in the second half may be much slower than earlier expected, due to tenants' resistance to high rents and the lower demand from the financial sector in the midst of global market uncertainties. At Langham Place, the Mall will be the main driver of income growth as the arrival of Mainland tourists and their spending have so far shown no signs of slowing down. Overall, we expect to see stable income and contribution from Champion REIT in the second half.

Our Group has a strong recurrent income base in our portfolio of high quality assets, and we have a strong balance sheet with low gearing. We are therefore well placed to face the recent volatility in global markets. We will also look out for value-added acquisition opportunities within weak market conditions to further broaden our asset base.

FINANCIAL REVIEW

DEBT

Gross debts denominated in HK dollars amounted to HK$1,315 million as of 30 June 2011. Our foreign currency gross debts as of 30 June 2011 amounted to the equivalent of HK$2,165 million, of which the equivalent of HK$497 million or 23.0% of our foreign currency debts was on fixed-rate basis. Net of cash and bank deposits that mature within 3 months totalling the equivalent of HK$1,884 million, our consolidated net debt outstanding as of 30 June 2011 was HK$1,596 million, a decrease of HK$335 million from that of HK$1,931 million as of 31 December 2010.

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 structured deposits and principal protected notes with reputable banks and financial institutions as counter-parties. As at 30 June 2011, investment in these bonds, structured deposits and notes amounted to HK$277 million. Should this amount be taken into account, the consolidated net borrowing of the Group would be reduced to HK$1,319 million.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 30 June 2011 and the depreciated costs of the Group's hotel properties, amounted to HK$32,468 million as of 30 June 2011. The net assets value at 30 June 2011 represented an increase of HK$2,823 million compared to the restated value of HK$29,645 million as of 31 December 2010, mainly attributable to the profit for the period including share of results of Champion REIT. Based on the consolidated net debt of HK$1,596 million, the resulting gearing ratio at 30 June 2011 was 5%. Should the investment in bonds, structured deposits and notes mentioned above be recognized in the calculation, the gearing ratio would be reduced to 4%.

FINANCE COST

During the period, market interest rate had remained at an extremely low level. Coupled with the high interest income from the Group's investment in Champion REIT convertible bonds, the Group had earned a net interest income of HK$39 million for the first half period. Consequently, there was no applicable interest cover ratio at the end of the reporting period.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 30 June 2011, our cash, bank deposits and committed but undrawn loan facilities amounted to a total of HK$3,828 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 2011:

Within 1 year	15.8%
1-2 years	64.4%
3-5 years	19.8%

PLEDGE OF ASSETS

At 30 June 2011, properties of the Group with a total carrying value of approximately HK$10,132 million (31 December 2010: HK$9,615 million), were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2011, the Group had authorised capital expenditures not provided for in these financial statements amounting to approximately HK$721 million (31 December 2010: HK$74 million) of which approximately HK$87 million (31 December 2010: HK$70 million) was contracted for.

As at 30 June 2011, the Group had outstanding financial commitment of RMB88 million (equivalent to HK$105 million) (31 December 2010: HK$152 million) for capital injection to a jointly controlled entity, and commitment of RMB120 million (equivalent to HK$144 million) (31 December 2010: HK$275 million) for construction cost to complete a hotel property owned by an associate.

In addition to the above, as at 30 June 2011 the Group had provided several corporate guarantee and a charge over its interest in the share capital of an associate to a bank in respect of its share of banking facility utilised by the associate of US$15 million (equivalent to HK$114 million) (31 December 2010: HK$152 million).

Other than set out above, the Group did not have any significant commitments and contingent liabilities as at 30 June 3011.

INTERIM DIVIDEND

The Board of Directors of the Company has resolved to declare an interim dividend of HK21 cents (2010: HK19 cents) per share for the six months ended 30 June 2011, payable on 14 October 2011 to shareholders whose names appear on the Registers of Members of the Company on Friday, 7 October 2011.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Monday, 3 October 2011 to Friday, 7 October 2011, 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 Friday, 30 September 2011.

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 and 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 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2011, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

EMPLOYEES

During the period, the number of employees of the Group increased approximately 3% to 4,802. The change was mainly attributable to the increase in staff 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. To further support the engagement of employees, our Hotel Division applies the Total Quality Management (TQM) technology to develop a global management system by involving every employee in our continuous improvement culture.

In 2011, the Group has introduced staff training and development plan which included management development programme for managing talents through competency initiatives; team building workshop for further establishing synergy and building collaborative working relationship. The aim is to strengthen leadership competencies and accelerate team effectiveness. The Group has also facilitated external and in-house designed training programmes in management, soft skill as well as technical skills training.

REVIEW OF INTERIM RESULTS

The unaudited financial statements for the six months ended 30 June 2011 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 auditor 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 2011 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 16 September 2011.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors 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; 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, 19 August 2011

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	NOTES	Six Months Ended 30 June 2011 HK$'000 (unaudited)	2010 HK$'000 (unaudited) (restated)
Revenue	3	**2,230,283**	2,240,643
Cost of goods and services		**(1,541,950)**	(1,413,200)
Operating profit before depreciation and amortisation		**688,333**	827,443
Depreciation and amortisation		**(172,259)**	(165,402)
Operating profit		**516,074**	662,041
Fair value changes on investment properties		**599,762**	165,621
Fair value changes on derivative financial instruments		**(169,751)**	98,371
Fair value changes on financial assets designated at fair value through profit or loss		**(1,637)**	12,030
Other income		**98,436**	91,470
Administrative expenses		**(111,904)**	(107,650)
Other expenses		**-**	(556)
Finance costs	5	**(49,961)**	(62,786)
Share of results of associates		**2,005,862**	11,450
Share of results of a jointly controlled entity		**(4,174)**	-
Profit before tax		**2,882,707**	869,991
Income taxes	6	**(112,069)**	(49,486)
Profit for the period attributable to owners of the Company	7	**2,770,638**	820,505
Earnings per share	9		
Basic		**HK$4.39**	HK$1.32
Diluted		**HK$3.57**	HK$1.31

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2011

	Six Months Ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited) (restated)
Profit for the period	**2,770,638**	820,505
Other comprehensive income		
Fair value (loss) gain on available-for-sale investments	**(1,863)**	797,786
Surplus on revaluation of an owner occupied building upon change of use	**-**	3,789
Exchange differences arising on translation of foreign operations	**140,918**	(115,323)
Share of other comprehensive income of associates	**(66,253)**	-
Share of other comprehensive income of a jointly controlled entity	**10,879**	-
	83,681	686,252
Total comprehensive income for the period attributable to owners of the Company	**2,854,319**	1,506,757

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2011

	NOTES	At 30 June 2011 HK$'000 (unaudited)	At 31 December 2010 HK$'000 (audited) (restated)
Non-current assets			
Property, plant and equipment		**10,507,489**	10,409,396
Investment properties		**4,795,542**	4,192,297
Interests in associates		**15,254,733**	13,365,094
Interest in a jointly controlled entity		**587,006**	525,301
Available-for-sale investments		**101,797**	103,660
Investment in convertible bonds		**3,208,034**	3,309,997
Notes receivable		**161,983**	174,047
Amounts due from associates		**12,077**	12,077
		34,628,661	32,091,869
Current assets			
Inventories		**72,991**	77,398
Debtors, deposits and prepayments	10	**448,029**	395,749
Financial assets designated at fair value through profit or loss		**84,547**	77,740
Derivative financial instruments		**70**	-
Notes receivable		**29,977**	55,819
Bank balances and cash		**1,884,170**	1,553,444
		2,519,784	2,160,150
Current liabilities			
Creditors, deposits and accruals	11	**761,998**	755,359
Derivative financial instruments		**-**	362
Provision for taxation		**92,265**	87,701
Borrowings due within one year		**549,740**	798,318
		1,404,003	1,641,740
Net current assets		**1,115,781**	518,410
Total assets less current liabilities		**35,744,442**	32,610,279
Non-current liabilities			
Borrowings due after one year		**2,930,627**	2,685,950
Deferred taxation		**345,605**	279,199
		3,276,232	2,965,149
NET ASSETS		**32,468,210**	29,645,130
Equity			
Share capital		**315,867**	311,404
Share premium and reserves		**32,152,343**	29,333,726
TOTAL EQUITY		**32,468,210**	29,645,130

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".

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.

Except for application of amendments to HKAS 12 "Income Taxes" in advance of their effective date, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

In the current interim period, the Group has applied, for the first time, a number of new or revised standards and amendments ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 12 "Income Taxes" (applied in advance of their effective date)

The Group has applied amendments to HKAS 12 titled "Deferred Tax: Recovery of Underlying Assets" in advance of their effective date (annual periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred tax, unless the presumption is rebutted in certain circumstances.

As a result, the Group's investment properties that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred tax in respect of such properties. The application of the amendments has resulted in the Group's deferred tax liabilities being decreased by HK$385,630,000 and HK$480,476,000 as at 1 January 2010 and 31 December 2010, respectively, and the Group's interests in associates being increased by HK$400,297,000 as at 31 December 2010, with the corresponding adjustment being recognised in retained profits. In addition, the application has resulted in the Group's income tax expense for the six months ended 30 June 2010 being decreased by HK$25,147,000 and profit for the six months ended 30 June 2010 being increased by the same amount.

In the current period, no deferred tax has been provided for in respect of changes in fair value of such investment properties, whereas previously deferred tax liabilities were provided for in relation to the changes in fair value of such investment properties. The application of the amendments has resulted in the Group's income tax expense for the six months ended 30 June 2011 being reduced by HK$84,962,000, share of results of associates for the six months ended 30 June 2011 being increased by HK$280,632,000 and profit for the six months ended 30 June 2011 being increased by HK$365,594,000.

2. PRINCIPAL ACCOUNTING POLICIES - continued

Amendments to HKAS 12 "Income Taxes" (applied in advance of their effective date) - continued

Summary of the effect of the changes in accounting policies

The effect of the above change in accounting policy described above on the results for the current and prior period by line items presented in the condensed consolidated income statement is as follows:

	Six Months Ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Decrease in income taxes	**84,962**	25,147
Increase in share of results of associates	**280,632**	-
Increase in profit for the period	**365,594**	25,147

	Six Months Ended 30 June	
	2011	2010
	HK$	HK$
	(unaudited)	(unaudited)
Impact on basic earnings per share		
Basic earnings per share before adjustment	**3.81**	1.28
Adjustment in relation to application of amendments of HKAS 12 in respect of deferred tax on investment properties	**0.58**	0.04
Reported basic earnings per share	**4.39**	1.32
Impact on diluted earnings per share		
Diluted earnings per share before adjustment	**2.99**	1.27
Adjustment in relation to application of amendments of HKAS 12 in respect of deferred tax on investment properties	**0.58**	0.04
Reported diluted earnings per share	**3.57**	1.31

2. PRINCIPAL ACCOUNTING POLICIES - continued

Amendments to HKAS 12 "Income Taxes" (applied in advance of their effective date) - continued

Summary of the effect of the changes in accounting policies - continued

The effect of the above change in accounting policy on the financial positions of the Group as at 31 December 2010 and 1 January 2010 are as follows:

	31 December 2010 (originally stated) HK$'000	Adjustments HK$'000	31 December 2010 (restated) HK$'000
Interests in associates	12,964,797	400,297	13,365,094
Deferred taxation	(759,675)	480,476	(279,199)
Total effects on net assets	12,205,122	880,773	13,085,895
Retained profits, total effects on equity	24,024,165	880,773	24,904,938

	1 January 2010 (originally stated) HK$'000	Adjustments HK$'000	1 January 2010 (restated) HK$'000
Total effects on net assets			
Deferred taxation	(632,841)	385,630	(247,211)
Retained profits, total effects on equity	20,181,221	385,630	20,566,851

The Group has not early applied the following new or revised standards that have been issued but are not yet effective. The following new or revised standards have been issued after the date the consolidated financial statements for the year ended 31 December 2010 were authorised for issuance and not yet effective:

HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (Revised 2011)	Employee Benefits[2]
HKAS 27 (Revised 2011)	Separate Financial Statements[2]
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013

The Directors anticipate that the application of these new and revised standards 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 management and 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 agency commission and income from fitness centre operations.

	Six Months Ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Property rental income	**132,178**	130,471
Building management service income	**9,584**	9,374
Hotel income	**1,801,306**	1,511,789
Sales of goods	**60,673**	38,603
Dividend income	**2,000**	324,106
Management service income earned as a manager of real estate investment trust	**91,786**	93,617
Others	**132,756**	132,683
	2,230,283	2,240,643

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 and reportable segments under HKFRS 8, which are consistent with those disclosed in the Group's annual financial statements for the year ended 31 December 2010, 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 as well as hotel management.
Income from Champion REIT	-	management service fee income for acting as the manager of Champion Real Estate Investment Trust ("Champion REIT"), dividend income from Champion REIT up to 23 July 2010 and provision of property management services to Champion REIT.
Other operations	-	sales of building materials, restaurant operation, fitness centre operation, investment in securities, provision of property management, maintenance and property agency services.

4. SEGMENT INFORMATION - continued

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, share of results of a jointly controlled entity, depreciation and amortisation, fair value changes on investment properties, derivative financial instruments and financial assets designated at fair value through profit or loss, finance costs and income taxes. This is the measurement basis reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

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

Six months ended 30 June 2011

	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 revenue	**141,762**	**1,801,306**	**126,631**	**160,584**	**-**	**2,230,283**
Inter-segment revenue	**1,165**	**-**	**-**	**4,849**	**(6,014)**	**-**
Total	**142,927**	**1,801,306**	**126,631**	**165,433**	**(6,014)**	**2,230,283**

Inter-segment revenue 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	**89,996**	**419,317**	**110,212**	**123,479**		**743,004**
Unallocated corporate income						**2,087**
Unallocated corporate expenses						**(70,226)**
Depreciation and amortisation						**(172,259)**
Fair value changes on investment properties						**599,762**
Fair value changes on derivative financial instruments						**(169,751)**
Fair value changes on financial assets designated at fair value through profit or loss						**(1,637)**
Finance costs						**(49,961)**
Share of results of associates						**2,005,862**
Share of results of a jointly controlled entity						**(4,174)**
Profit before tax						**2,882,707**
Income taxes						**(112,069)**
Profit for the period attributable to owners of the Company						**2,770,638**

4. SEGMENT INFORMATION - continued

Six months ended 30 June 2010

	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) (restated)
SEGMENT REVENUE						
External revenue	139,845	1,511,789	460,265	128,744	-	2,240,643
Inter-segment revenue	10,327	-	-	6,650	(16,977)	-
Total	150,172	1,511,789	460,265	135,394	(16,977)	2,240,643

Inter-segment revenue 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 designated 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						(49,486)
Profit for the period attributable to owners of the Company						820,505

5. FINANCE COSTS

	Six Months Ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on bank borrowings wholly repayable within five years	**26,183**	34,517
Interest on other loans wholly repayable within five years	**18,189**	21,931
Other borrowing costs	**5,589**	6,338
	49,961	62,786

6. INCOME TAXES

	Six Months Ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Current tax:		
Current period:		
Hong Kong Profits Tax	**39,632**	42,975
Other jurisdictions	**9,540**	10,310
	49,172	53,285
Under(over)provision in prior periods:		
Hong Kong Profits Tax	**4,402**	240
Other jurisdictions	**(1,980)**	-
	2,422	240
	51,594	53,525
Deferred tax:		
Current period	**60,475**	(4,039)
	112,069	49,486

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	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period attributable to owners of the Company has been arrived at after charging (crediting):		
Staff costs (including directors' emoluments)	**778,674**	673,439
Share based payments (including directors' emoluments)	**8,614**	5,703
	787,288	679,142
Depreciation and amortisation on:		
Leasehold land and hotel buildings	**119,168**	114,059
Other property, plant and equipment	**53,091**	51,343
	172,259	165,402
Allowance for doubtful debts, net	**830**	-
Share of tax of associates (included in the share of results of associates)	**43,283**	1,764
Dividend income from listed investments:		
Champion REIT	**-**	(324,080)
Others	**(2,000)**	(26)
	(2,000)	(324,106)
Interest income	**(89,082)**	(87,714)
Gain on disposal of property, plant and equipment (included in other income)	**(5)**	-
Net exchange (gain) loss	**(6,907)**	556

8. DIVIDENDS

	Six Months Ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends paid:		
Final dividend of HK38 cents in respect of the financial year ended 31 December 2010 (2010: HK35 cents in respect of the financial year ended 31 December 2009) per ordinary share	**237,625**	217,938
Dividend declared:		
Interim dividend of HK21 cents in respect of the six months ended 30 June 2011 (2010: HK19 cents in respect of the six months ended 30 June 2010) per ordinary share	**132,664**	118,331

On 17 June 2011, a final dividend of HK38 cents (2010: final dividend of HK35 cents) per ordinary share, which included scrip dividend alternatives offered to shareholders, was paid to shareholders as the final dividend in respect of the financial year ended 31 December 2010. The scrip dividend alternatives were accepted by the shareholders as follows:

	Six Months Ended 30 June	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends		
Cash	**79,641**	215,687
Share alternative	**157,984**	2,251
	237,625	217,938

The Directors have determined that an interim dividend of HK21 cents (2010: HK19 cents) per ordinary share will be paid to the shareholders of the Company whose names appear in the Register of Members on 7 October 2011.

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	
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Earnings		
Earnings for the purpose of basic earnings per share	**2,770,638**	820,505
Effect of dilutive potential shares:		
Adjustment to the share of profit of an associate based on dilution of its earnings per share (note)	**(515,520)**	-
Earnings for the purpose of diluted earnings per share	**2,255,118**	820,505

	Six Months Ended 30 June	
	2011	2010
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**630,521,184**	622,451,479
Effect of dilutive potential shares:		
Share options	**1,587,270**	1,534,034
Weighted average number of shares for the purpose of diluted earnings per share	**632,108,454**	623,985,513

Note:

The adjustment to the share of profit of an associate represents the dilutive effects on assumed conversion of outstanding convertible bonds issued by Champion REIT and issue of units of Champion REIT for settlement of management service fee incurred by Champion REIT for the period ended 30 June 2011.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June	31 December
	2011	2010
	HK$'000	HK$'000
	(unaudited)	(audited)
Trade debtors, net of allowance for doubtful debts	**309,772**	267,542
Deferred rent receivables	**22,441**	21,410
Other receivables	**45,472**	45,280
Deposits and prepayments	**70,344**	61,517
	448,029	395,749

10. DEBTORS, DEPOSITS AND PREPAYMENTS - continued

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 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
0 - 3 months	**267,540**	241,330
3 - 6 months	**21,801**	11,270
Over 6 months	**20,431**	14,942
	309,772	267,542

11. CREDITORS, DEPOSITS AND ACCRUALS

	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
Trade creditors	**132,564**	164,558
Rental deposits	**248,828**	198,411
Construction fee payable and retention money payable	**3,031**	3,263
Accruals, interest payable and other payables	**377,575**	389,127
	761,998	755,359

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

	30 June 2011 HK$'000 (unaudited)	31 December 2010 HK$'000 (audited)
0 - 3 months	**118,063**	156,926
3 - 6 months	**5,290**	2,257
Over 6 months	**9,211**	5,375
	132,564	164,558