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)

2012 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 2012 as follows:

	Six months ended 30 June		
	2012	**2011**	
Key Financial Figures	**HK$ million**	**HK$ million**	**Change**
Revenue	**2,354.2**	**2,230.3**	**5.6%**
Statutory Profit attributable to equity holders	**1,329.7**	**2,770.6**	**- 52.0%**
Profit from core business after tax (Core profit)	**835.0**	**752.3**	**11.0%**
Profit per share from core business after tax	**HK$ 1.32**	**HK$ 1.19**	**10.9%**
Interim Dividend per share	**HK$ 0.23**	**HK$ 0.21**	

	As of	
	30 June 2012	**31 Dec 2011**
Net Gearing	**2%**	**3%**
Book value (per share)	**HK$ 55.0**	**HK$ 53.4**

	Six months ended 30 June		
	2012	2011	Change
	HK$ million	HK$ million	
Core Profit			
Net Rental Income	**98.0**	**87.7**	**11.8 %**
Hotel Income	**442.2**	**425.1**	**4.0 %**
Management Fee Income from Champion	**134.0**	**126.6**	**5.8 %**
Dividend Income from Champion REIT ^	**299.4**	**267.0**	**12.1 %**
Income from other operations	**55.2**	**49.0**	**12.8 %**
Net Operating Income	**1,028.8**	**955.4**	**7.7 %**
Depreciation and amortisation	**(54.3)**	**(53.1)**	**2.4 %**
Administration expenses	**(105.3)**	**(111.9)**	**- 5.9 %**
Other income (including Interest income)	**95.2**	**87.0**	**9.5 %**
Finance costs	**(50.8)**	**(50.0)**	**1.7 %**
Share of results of associates	**11.6**	**7.2**	**61.6 %**
Share of results of a JCE	**(5.1)**	**(4.2)**	**23.0 %**
Core profit before taxation	**920.1**	**830.4**	**10.8 %**
Taxes	**(84.8)**	**(78.1)**	**8.5 %**
Core profit after tax	**835.3**	**752.3**	**11.0 %**
Non-controlling interest*	**(0.3)**	**-**	**n.a.**
Core profit after tax	**835.0**	**752.3**	**11.0 %**

^ *Under the Group's statutory profit, the share of results of Champion REIT is reflected below the operating items under "Share of results from associates". However, the Group's core profit is based on attributable dividend income from Champion REIT in respect of the same financial period.*

* *The inclusion of Non-controlling interest from 2012 is due to the implementation of a Management Sharing Scheme by one of our subsidiary companies.*

	Six months ended 30 June		
	2012	2011	Change
	HK$ million	HK$ million	
Statutory Profit			
Net Rental Income	98.0	87.7	11.8 %
Hotel Income	442.2	425.1	4.0 %
Management Fee Income from Champion	134.0	126.6	5.8 %
Income from other operations	55.2	49.0	12.8 %
Operating Income	729.4	688.4	6.0 %
Depreciation and amortisation	(172.0)	(172.3)	-0.2 %
Fair value changes on Invest. properties	228.6	599.8	-61.9 %
Fair value changes on Derivative Financial Instruments	41.8	(169.8)	-124.6 %
Fair value changes on other Financial Assets	-	(1.6)	n.a.
Administration expenses	(105.3)	(111.9)	- 5.9 %
Other income (including Interest income)	108.0	98.4	9.8 %
Finance costs	(50.8)	(50.0)	1.7 %
Share of results of associates	668.4	2,005.9	- 66.7 %
Share of results of a JCE	(5.1)	(4.2)	23.0 %
Statutory profit before taxation	1,443.0	2,882.7	-49.9 %
Taxes	(113.0)	(112.1)	0.9 %
Statutory profit after tax	1,330.0	2,770.6	- 52.0 %
Non-controlling interest	(0.3)	-	n.a.
Statutory profit attributable to equity holders	1,329.7	2,770.6	- 52.0 %

OVERVIEW

The Group delivered improved results for the first half of 2012, despite ongoing uncertainties in the global economies arising from the Euro-zone debt crisis. For the six months ended June 2012, core profit for the Group came to HK$835 million, an increase of HK$83 million, or 11% growth from the HK$752 million achieved over the corresponding period in 2011. While there was higher income from Champion REIT, the Hotels Division's contributions also went up.

Distribution income from Champion REIT increased by HK$32.4 million from HK$267.0 million in the first half of 2011 to HK$299.4 million in the first half of 2012. Management fee income from the REIT also increased from HK$126.6 million to HK$134.0 million. The higher income from Champion was driven by higher average occupancy at Citibank Plaza and strong sales growth at Langham Place Mall.

Operating income, or Earnings before interest, taxes, depreciation and amortisation (EBITDA) at the Hotels Division increased by HK$17.1 million from HK$425.1 million in the first half of 2011 to HK$442.2 million in the first half of 2012, due in large part to continuing strong performance at our three hotels in Hong Kong. Gross revenue of the overseas hotels as a whole was almost unchanged at HK$1,114.9 million for the first six months of 2012, as compared to HK$1,113.2 million in the first half of 2011.

Gross rental income of our investment properties in Hong Kong, including Great Eagle Centre and Eaton House serviced apartments, rose by HK$9 million from HK$73.9 million in the first half of 2011 to HK$82.8 million in the first half of 2012. Gross rental income at our US office properties declined slightly from HK$55.9 million in the first half of 2011 to HK$55.1 million in 2012.

During the first half period, we have continued to seek value-added hotel acquisitions in line with our core strategy to build the Langham brand in major gateway cities around the world. We have recently completed the acquisition of the 96-keys former Observatory Hotel in downtown Sydney for conversion into a Langham. We have acquired this prime asset at below replacement cost.

HOTELS DIVISION

	Six months ended 30 June		
	2012	**2011**	**Change**
	HK$ million	**HK$ million**	
Hotel Revenue			
Hong Kong	**763.1**	**677.3**	**+ 12.7%**
Europe	**237.1**	**247.7**	**- 4.3%**
North America	**545.0**	**546.4**	**- 0.3%**
Australia/New Zealand	**332.8**	**319.0**	**+ 4.3%**
Others	**27.6**	**33.8**	**- 18.3%**
Total Hotel Revenue	**1,905.6**	**1,824.2**	**+ 4.5%**
Hotel EBITDA			
Hong Kong	**282.0**	**243.2**	**+ 16.0%**
Europe	**50.6**	**68.5**	**- 26.1%**
North America	**39.6**	**38.0**	**+ 4.2%**
Australia/New Zealand	**59.7**	**56.3**	**+ 6.0%**
Others	**10.3**	**19.1**	**- 46.1%**
Total Hotel EBITDA	**442.2**	**425.1**	**+ 4.0%**

Revenue and EBITDA of the Hotels Division managed to grow in the first half of 2012, although the pace was evidently much slower than that of the previous year. The growth was driven largely by the hotels in Hong Kong, which benefited from continued growth in tourist arrivals from China. All three properties reported double-digit year-on-year increases in revenue in the first half of 2012. For our overseas hotels, the hotel in Pasadena turned a profit upon successful execution of a plan to increase its share in the MICE market. For the rest of the overseas portfolio, the Australia and New Zealand hotels held up reasonably well but the performance at the London hotel was adversely affected by the troubles in the Euro-zone.

Overall, revenue of the Hotels Division increased by 4.5% from HK$1,824.2 million in the first half of 2011 to HK$1,905.6 million in 2012. EBITDA from the Hotels Division rose 4% from HK$425.1 million in the first half of 2011 to HK$442.2 million in the first half of 2012.

Hotels Performance

	Rooms Available		Occupancy		Average Room Rate (local currency)		RevPar (local currency)	
	1H 2012	1H 2011	1H 2012	1H 2011	1H 2012	1H 2011	1H 2012	1H 2011
The Langham, Hong Kong	495	495	81.6%	76.4%	2,221	2,088	1,811	1,595
Langham Place, Hong Kong	654	649	85.8%	82.6%	1,850	1,720	1,587	1,421
Eaton Smart, Hong Kong	461	459	92.5%	82.4%	1,141	1,006	1,055	829
The Langham, London	378	377	71.3%	74.0%	264	273	189	202
The Langham, Melbourne	376	381	78.9%	78.5%	262	266	207	209
The Langham, Auckland	411	411	69.4%	69.2%	186	185	129	128
The Langham, Boston	318	318	64.3%	66.2%	239	225	154	149
The Langham Huntington, Pasadena	380	380	74.6%	62.7%	210	214	157	134
Delta Chelsea Toronto	1,590	1,590	67.4%	70.1%	120	125	81	88
The Langham, Xintiandi, Shanghai (33.3% owned)	347	190	52.3%	47.6%	1,597	1,587	835	755

HONG KONG

The three Hong Kong hotels generated HK$763.1 million in revenue over the first half of 2012 (1H 2011: HK$677.3 million), which led to a 16% growth in EBITDA to HK$282.0 million in the first half of 2012 (1H 2011: HK$243.2 million). The Hong Kong hotels accounted for 40% of the revenue and 63.8% of EBITDA of the whole hotel portfolio in the first half.

The Langham, Hong Kong

Langham Hong Kong enjoyed continued growth in individual leisure tourist arrivals from Mainland China and other Asia-Pacific regions in the first half, which more than offset the slow-down in corporate travel from European and USA. As a result, occupancy increased by 5.2% points in the first half of 2012 to 81.6% (1H 2011: 76.4%) while average room rates increased 6.4% year-on-year to HK$2,221 (1H 2011: HK$2,088). Total revenue for the first half rose 12% year-on-year. There were however signs of a slow-down in revenue growth from the second quarter onwards amidst increasing uncertainties in the world economies.

Revenue from food and beverage rose 11% year-on-year in the first half, the growth was mainly driven by the improved banquet business, especially from wedding functions in the refurbished Ballroom.

Langham Place, Hong Kong

For the six months ended June 2012, the Hotel achieved a higher average occupancy of 85.8% (1H 2011: 82.6%) due to increased corporate and leisure travellers from China and North America. As a result it managed to raise its average room rate by 7.6% year-on-year in the first half to HK$1,850 (1H 2011 HK$1,720). Similar to the experience at Langham Hong Kong, this hotel also witnessed softened demand from the second quarter onwards.

Revenue from food and beverage for the first half rose 7% compared with the first half of 2011. The increase was supported by the steady banquet business from corporate meetings and events.

Eaton Smart, Hong Kong

In addition to increased demand for mid-priced rooms, the Hotel's successful marketing focus on China and other Southeast Asian countries resulted in a 18% year-on-year surge in total revenue in the first half of 2012. Average occupancy rose 10.1 percentage points to 92.5% in the first half of 2012 (1H 2011 82.4%). That in turn led to a 13.4% increase in average room rate from HK$1,006 in the first half of 2011 to HK$1,141 in the first half of 2012. The renovation of one-fifth of the guest rooms commenced in June 2012. Upon completion at the end of September 2012, the new rooms will help to increase the competitiveness of the hotel, and they should underpin further growth in its market share.

Revenue from food and beverage rose 9% year-on-year in the first half, mainly from improved business at the restaurants, which offset a shortfall in catering functions and events.

OVERSEAS HOTELS

EUROPE

The Langham, London

Performance of the London hotel was fairly stable in the first quarter of 2012, but demand for rooms began trending downward in the second quarter. In addition to increasing economic uncertainties in the European region, fears over transport issues and accommodation pricing in the build-up to the Olympics also contributed to a decline in business visitors. In particular, the absence of substantial Middle East business to London this spring impacted room revenue. EBITDA for the London hotel dropped 26.1% year-on-year in the first half of 2012. Occupancy came to 71.3% in the first half of 2012 (1H 2011: 74%), while average room rate was ₤264 in the first half of 2012 (1H 2011: ₤273).

On the other hand, revenue from food and beverage rose 5% year-on-year in the first half, given improved business at the restaurants and a strong banquet business with increased corporate meetings and events.

AUSTRALIA/NEW ZEALAND

The Langham, Melbourne

As demand from corporate travellers decelerated with the onset of the global financial crisis, the Hotel switched its focus to lower yielding leisure travellers. As a result it managed to maintain occupancy for the first half of 2012 at 78.9% as compared to 78.5% for the same period the prior year. There was however a slight drop in average room rates from A$266 to A$262.

Revenue from food and beverage rose 9% year-on-year during the first half, on the back of stronger catering demand from corporate meetings and events, as well as better performance of the restaurants.

The third phase of the room renovation comprising 102 rooms commenced in the second quarter of 2012. When completed, they will enable the Hotel to offer an up-to-date product to compete for market share.

The Langham, Auckland

While demand from the corporate segment was weak, the Hotel managed to keep up its occupancy by targeting the retail segment. Average occupancy was 69.4% in the first half of 2012 (1H 2011: 69.2%), while the average room rates were marginally higher at NZ$186 in the first half of 2012 (1H 2011: NZ$185).

Revenue from food and beverage rose 11% year-on-year in the first half, and was driven by higher revenue at the newly renovated restaurant, and improved catering demand through large corporate events.

NORTH AMERICA

EBITDA contribution from the three North America hotels was stable at HK$39.6 million, as higher income at Langham Pasadena offset lower contributions from the Boston and Toronto hotels.

The Langham, Boston

After a slow start to the year, the market in Boston picked up moderately in the second quarter because of several citywide conventions and the improved leisure business. Average occupancy for the first half of 2012 was down to 64.3% from 66.2% for the same period the prior year. There was however a growth in average room rates to US$239 in the first half of 2012, as compared to US$225 in the first half of 2011.

Revenue from food and beverage dropped 7% year-on-year in the first half, due to a slower pickup in the banquet segment and keen competition in the restaurant business. Net operating income for the first six months of 2012 was down 10.2% from that in the first half of 2011.

The renovation of the lobby and the addition of the lobby lounge is scheduled for completion in the third quarter of 2012.

The Langham Huntington, Pasadena

The Langham in Pasadena benefitted from the steady recovery in the Los Angeles hotel market. It was able to significantly improve its occupancy by focusing on meeting and events business. In the first half of 2012, occupancy increased by 11.9 percentage points to 74.6% (1H 2011: 62.7%). Food and beverage revenue also rose by 17% year-on-year. However, as the Hotel accommodated more demand from the MICE markets, there was a slight dilution in average room rates, which declined to US$210 in the first half of 2012 from US$214 in the first half of 2011. With a year-on-year RevPAR increase of 16.6%, the Hotel turned EBITDA positive in the first half of 2012.

Delta Chelsea Hotel, Toronto

Room rates at the Hotel were under pressure on the lack of citywide conventions in the city. As the Hotel took on more lower-yielding corporate and leisure business, average room rates dropped to C$120 in the first half of 2012, as compared with C$125 in the first half of 2011. Occupancy was also lower at 67.4% (1H 2011: 70.1%). Revenue from food and beverage dropped 5% year-on-year in the first half, due to reduced demand for catering, as well as lowered demand for room service.

CHINA

The Langham Xintiandi, Shanghai (33.3% owned and share of its results is captured under share of associates)

The Hotel became fully operational with 358 rooms available from January 2012. Given the increase in room inventory, the hotel managed to increase total revenue by 87% year-on-year in the first half of 2012. However, due to the economic slowdown in China coupled with keen competition from the abundant supply of hotels in Shanghai, occupancy edged up to 52.3% on an average inventory of 347 rooms in the first half of 2012 (1H 2011: 47.6% on an average of 190 rooms). Average room rates achieved for the hotel were flat at ¥1,597 in the first half of 2012 (1H 2011: ¥1,587).

PROJECT UNDER DEVELOPMENT

Langham Hotel, Chicago

We acquired this redevelopment project in downtown Chicago at the end of 2010. The property, which comprises the lower 13 floors and part of the basement of an existing commercial building, is being converted into a 330-key Langham Hotel.

Full-scale construction has commenced in the first quarter of 2012 with completion scheduled for third quarter of 2013.

ASSET ACQUISITIONS

On 8th August 2012, we completed the acquisition of the 96-key Observatory Hotel in downtown Sydney. The hotel is situated within Sydney's highly visible historic Rocks district, which is in close proximity to Sydney's Central Business District, the world-famous Sydney Harbour Bridge and Opera house. The Sydney hotel will be rebranded to a Langham. This acquisition will enable the Group to further strengthen its presence in the Pacific region, thus creating a platform for future growth.

HOTEL MANAGEMENT BUSINESS

Our hotel management portfolio currently comprised of six hotels with approximately 1,200 rooms in operations. During the first half of 2012, another four long-term hotel management contracts were added to the pipeline of hotels under management. All of these hotels are located in China, including a 320-room Langham Hotel in Xiamen, two Langham Place Hotels in Datong and Qingdao with 300 and 280 rooms respectively, and one Eaton Luxe Hotel in Qingdao with 500 rooms. Except for a 33.3% stake in the Langham Xintiandi, the Group has no equity stakes in these hotels.

DEVELOPMENT PROJECTS

Dalian Mixed-use Development Project

The project comprises approximately 1,200 high-end apartments and a luxury international hotel with approximately 350 rooms, aggregating to a gross floor area of approximately 286,000 sq. metres. The project is targeted for completion in two phases from 2014/15 onward. The Group has a 50% equity interest in this project and acts as the project manager. Up to the end of June 2012, the Group has invested HK$633 million for its stake in the project.

After the completion of excavation and foundation works, construction of the first phase commenced in February 2012. While restrictions on residential home purchases remaining in place in China, there are signs that while the central government is maintaining in its efforts to curb housing speculation, it is slowly fine-tuning measures that will eventually support end user demand.

INCOME FROM CHAMPION REIT

For the Group's statutory profit, after the reclassification of our investment in Champion REIT to associate company, instead of recognising distribution income from Champion REIT in the Group's revenue and operating profit, the share of results from Champion REIT is reflected below the operating items under the share of results from associates. However, we still consider 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, total income from Champion REIT in the first half rose by 10.1% year-on-year to HK$433.4 million. With higher asset management income achieved by Champion REIT, this has offset a slightly lower level of agency commission income in the first half of 2012, and overall management fee income from Champion REIT rose 5.8% from HK$126.6 million in the first half of 2011 to HK$134 million in the first half of 2012.

	Six months ended 30 June		
	2012	2011	Change
	HK$ million	HK$ million	
Attributable Dividend income	**299.4**	**267.0**	**12.1%**
Management fee income	**134.0**	**126.6**	**5.8%**
Total income from Champion REIT	**433.4**	**393.6**	**10.1%**

The following are excerpts from Champion REIT's 2012 interim results announcement relating to the performance of the REIT's properties.

Citibank Plaza

The office leasing market in Central has remained soft in the first half of 2012. Occupancy at Citibank Plaza decreased from 90.4% at the beginning of the year to 88.7% as of June 30 2012, partly due to the relocation of some government departments to the new Government Headquarters. Spot rents at Citibank Plaza are currently priced around HK$85 per sq. ft. to support occupancy. Revenue increased from HK$570 million for the first half of 2011 to HK$597 million for the first half of 2012. This was largely driven by the increase in average occupancy, which increased from 86.6% to 88.5% for the first half of 2012. Net Property Income at Citibank Plaza increased 7.7% year-on-year to HK$499 million in the first half of 2012.

Langham Place Office Tower

The occupancy rate increased from 96.8% as of 31 December 2011 to 98.0% at mid-year 2012. The resilience of the economy outside of the financial sector has sustained demand for office space across all office districts on the Kowloon Peninsula. Spot rents at the Langham Place Office Tower have been kept steady at the HK$32-38 per sq. ft. range, though recent transactions have been done closer to the upper end of that range. Revenue at the Office Tower was HK$129 million in the first of 2012, compared to HK$126 million for the corresponding period in 2011. Operating expenses were stable at HK$25 million and Net Property Income grew in line with revenue, from HK$101 million to HK$104 million.

Langham Place Mall

The Mall continued to enjoy very high levels of foot traffic and remained virtually fully let at mid-year 2012. Driven by a constantly improving mix of quality retailers, average sales per sq. ft. for tenants at the Mall for the first half grew 16.4% year-on-year.

The average Passing Rent Rate increased from HK$100.77 at the end of 2011 to HK$102.65 per sq. ft. as of June 2012. In June 2011, the passing rent rate was HK$98.48 per sq. ft. Revenue increased by 12.2% from HK$254 million to HK$285 million. Net Property Income as a result increased by 13.2% from HK$200 million to HK$227 million.

INVESTMENT PROPERTIES

	Six months ended 30 June		
	2012	2011	
Gross rental income	**HK$ million**	**HK$ million**	**Change**
Great Eagle Centre	**60.4**	**53.9**	**12.0%**
Eaton Serviced Apartments	**21.2**	**19.0**	**11.6%**
United States Properties	**55.1**	**55.9**	**- 1.5%**
Others	**1.2**	**1.0**	**16.5%**
	137.9	**129.8**	**6.2%**

Net rental income	**HK$ million**	**HK$ million**	**Change**
Great Eagle Centre	**58.6**	**53.2**	**10.2%**
Eaton Serviced Apartments	**14.7**	**12.8**	**15.1%**
United States Properties	**23.7**	**20.9**	**13.4%**
Others	**1.0**	**0.8**	**25.0%**
	98.0	**87.7**	**11.7%**

Great Eagle Centre

The office market in the Wanchai North district displayed considerable resilience in the first half of 2012, due to its popularity with Mainland Chinese companies and migration of Central tenants seeking more affordable rents. Rents achieved at Great Eagle Centre continued to move above HK$60's in many cases in the first half of 2012. The rolling over of approximately 35% of the leases by floor area during the first half led to a 12.9% increased in average passing rent. Average passing rent at the Great Eagle Centre went from HK$48.9 per sq. ft. at the end of December 2011 to HK$55.2 per sq. ft. as of the end of June 2012.

Though occupancy for the office portion was decreased slightly to 94.5% as at the end of June 2012, from 96.8% as at the end of December 2011, the majority of the vacant spaces have since been taken up. Occupancy for the retail portion remained stable at 99.4% as of the end of June 2012.

Gross rental income for Great Eagle Centre increased 12% from HK$53.9 million in the first half 2011 to HK$60.4 million in the first half of 2012, while net rental income rose 10.2% from HK$53.2 million in the first half 2011 to HK$58.6 million in the first half of 2012.

Eaton Serviced Apartments

The current economic uncertainties did not have a significant impact on our serviced apartments in the half year period, as some multinational firms were still transferring employees to Hong Kong. However, with the tightening in accommodation allowances, demand was mainly focused on smaller sized units. Demand for our larger sized units at the Blue Pool Road property was slightly affected while our two properties while the smaller sized rooms at Village Road and Wanchai Gap Road saw an increase in demand. Overall occupancy at the three serviced apartments increased from 70.2% in the first half of 2011 to 75.6% in 2012. However achieved rental rates were constrained by a competitive environment and rose only 4.1% from HK$41.2 per sq. ft in the first half of 2011 to HK$42.9 per sq. ft in the first half of 2012. Gross rental income increased 11.6% year-on-year to HK$21.2 million in the first half of 2012, whereas net rental income increased 15.1% to HK$14.7 million.

United States Properties

The expansion of the technology sector in California accelerated in the first half of 2012. As a result, vacancy rates in the San Francisco area declined further, which has led to an upward trend in asking rental rates in the area since late 2011. Even though spot rents at 353 Sacramento has risen above average passing rent of the property, a lack of lease renewals has constrained growth in its passing rent. Spot rents at the other two office properties at mid-year 2012 were still below their respective passing rents.

Average occupancy for the portfolio was flat at 93% as at the end of June 2012. As negative rental reversion continued gross rental income dropped slightly to HK$55.1 million in the first half of 2012 from HK$55.9 million in the first half of 2011. With lower tenant inducement costs, however, net rental income rose 13.4% to HK$23.7 million in the first half of 2012 from HK$20.9 million in the first half of 2011.

OUTLOOK

While economic slowdown across the Euro-zone is setting in, there are now signs that the recovery in the U.S. economy is protracting. China's economic growth also seems to be decelerating. Though our operations in key markets like Hong Kong have remained fairly healthy in these past few months, we expect there to be more volatility in the business environment in the coming year. Therefore we must be prepared to face prolonged uncertainties in the global economy.

We remain cautiously optimistic on the outlook for our hotels in Hong Kong as tourist arrivals from China have remained on an upward trend. At the London hotel, performance will be supported during the Olympics period, but it is likely that the fragile economic environment in the Europe would have a negative impact for the rest of the year. Performance at our other overseas hotels will likely be mixed, but the overall trend will be soft.

The contribution from Champion REIT in the remainder of the year should remain fairly stable. Rental rates in Central will remain weak as the downsizing of financial sector tenants continues. That however should be compensated to a certain extent by the strong performance of the Langham Place Mall, where positive rental reversions and higher turnover rents should lead to higher property income.

Although the global economy seems far from stable, our disciplined approach in maintaining a low financial gearing, together with our ample liquidity reserve, should provide us with sufficient buffer against market adversities. Meanwhile, we will seek to exploit weak asset values in selected markets for growth into the future.

FINANCIAL REVIEW

DEBT

Gross debts denominated in HK dollars amounted to HK$2,142 million as of 30 June 2012. Our foreign currency gross debts as of 30 June 2012 amounted to the equivalent of HK$2,035 million, of which the equivalent of HK$495 million or 24% 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$3,491 million, our consolidated net debt outstanding as of 30 June 2012 was HK$686 million, a decrease of HK$256 million from that of HK$942 million as of 31 December 2011.

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 principal protected notes with reputable banks and financial institutions as counter-parties. As at 30 June 2012, investment in these bonds and notes amounted to HK$161 million. Should this amount be taken into account, the consolidated net borrowing of the Group would be reduced to HK$525 million.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 30 June 2012 and the depreciated costs of the Group's hotel properties, amounted to HK$34,746 million as of 30 June 2012. The net assets value at 30 June 2012 represented an increase of HK$1,157 million compared to the value of HK$33,589 million as of 31 December 2011, mainly attributable to the profit for the period including share of results of Champion REIT. Based on the consolidated net debt of HK$686 million, the resulting gearing ratio at 30 June 2012 was 2%.

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$52 million for the period. Consequently, there was no applicable interest cover ratio as at the balance sheet dates.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 30 June 2012, our cash, bank deposits and committed but undrawn loan facilities amounted to a total of HK$4,515 million. The majority of our loan facilities are secured by properties with sufficient loan to value coverage. The following is a profile of the maturity of our outstanding debts as of 30 June 2012:

Within 1 year	73.3%
1-2 years	3.8%
3-5 years	22.9%

PLEDGE OF ASSETS

At 30 June 2012, properties of the Group with a total carrying value of approximately HK$10,180 million (31 December 2011: HK$10,030 million), were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2012, the Group had authorised capital expenditures not provided for in these financial statements amounting to approximately HK$985 million (31 December 2011: HK$651 million) of which approximately HK$918 million (31 December 2011: HK$71 million) was contracted for.

As at 30 June 2012, the Group had outstanding financial commitment of RMB26.5 million (equivalent to HK$32.5 million) (31 December 2011: HK$32.5 million) for capital injection to a jointly controlled entity and commitment of RMB106 million (equivalent to HK$129 million) (31 December 2011: HK$163 million) for construction cost to complete a hotel property owned by an associate.

In addition to the above, as at 30 June 2012 the Group had provided a 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$11 million (equivalent to HK$83 million) (31 December 2011: HK$98 million).

Other than set out above, the Group did not have any significant commitments and contingent liabilities as at 30 June 2012.

INTERIM DIVIDEND

The Board of Directors of the Company has resolved to declare an interim dividend of HK23 cents (2011: HK21 cents) per share for the six months ended 30 June 2012 ("2012 Interim Dividend"), payable on 16 October 2012 to shareholders whose names appear on the Registers of Members of the Company on Monday, 8 October 2012 ("Record Date").

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Wednesday, 3 October 2012 to Monday, 8 October 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the 2012 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, 28 September 2012.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and developing a high standard of corporate governance practices that are designed to enhance company image, boost shareholders' confidence, and reduce the risk of fraudulent practices and ultimately serve the long-term interests of our shareholders. The Board of Directors of the Company continues to monitor and review the Company's corporate governance practices in light of the regulatory requirements and the needs of the Company to underpinning our engrained value of integrity and accountability.

Throughout the period under review, the Company has complied with all the code provisions, mandatory disclosures and, where appropriate, adopted some of the recommended best practices and recommended disclosures as set out in the new Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") effective on 1 April 2012, 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.

CG Code Provision B.1.5 requires that details of any remuneration payable to members of senior management should be disclosed by band in the annual reports

Remuneration details of senior management are highly sensitive and confidential. Despite the information is only required to be disclosed by band, salary range of the new and past employees would possibly be ascertained indirectly whenever there is staff turnover. While over-disclosure of such information may induce inflationary spiral and undesirable competition which in turn be detrimental to the interests of shareholders, the Board considers that our current approach on disclosing the emoluments of Directors on named basis and that of the five highest paid individuals of the Group in the forms of aggregate amount and by bands in our annual reports is appropriate to maintain the equilibrium between transparency and privacy.

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 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 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2012, the Company repurchased a total of 277,000 ordinary shares of the Company at an aggregate purchase price of HK$4,381,240 on The Stock Exchange of Hong Kong Limited. A total of 580,000 shares (including 303,000 shares repurchased last year and left uncancelled as at 31 December 2011) were cancelled during the period ended 30 June 2012. The number of issued shares as of 30 June 2012 was 631,347,610. Particulars of the shares repurchased are as follow:

Month of repurchase	No. of ordinary shares repurchased	Purchase price paid per share Highest	Purchase price paid per share Lowest	Aggregate consideration paid
January 2012	277,000	HK$16.68	HK$15.54	HK$4,381,240
Total	**277,000**			**HK$4,381,240**

Save as disclose above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the period.

NEW SHARES ISSUED

As at 30 June 2012, the total number of issued shares of the Company was 631,347,610. As compared with the position of 31 December 2011, a total of 2,860,338 new shares were issued during the period in the following manner:

- During the period, 526,000 new shares were issued pursuant to exercise of share options under the Share Option Scheme of the Company by Directors and employees of the Company or its subsidiaries. Total funds raised therefrom amounted to HK$4,912,840.

- On 27 June 2012, a total of 2,334,338 new shares at a price of HK$20.04 per share were issued to the shareholders who had elected to receive scrip shares under the Scrip Dividend Arrangement in respect of the 2011 final dividend.

EMPLOYEES

During the period, the number of employees of the Group increased approximately 1.89% to 4,952. 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 during the year, with particular emphasis on performance management. To further support the engagement of employees, our Hotel Divisionby involving every employee in our continuous improvement culture. A set of Quality Standard on 4 key focuses (leadership, guest, colleague and innovation) has been launched since 2011, supported with management briefing and training.

In 2012, the Group has introduced the Value Statement and then launched the corporate driven program "The 7 Habits of Highly Effective People" which aims at personal and interpersonal leadership that helps individuals to see, think and act differently to produce better performance and business results. A strong focus has been put on "Leading Oneself and Leading Others". In order to embed "Innovation" as per the Value Statement into the Group's corporate culture, a Business Innovation Workshop has been introduced to focus on the core concept of creativity and problem solving from different perspectives as well as to widen the mind and vision towards the world-class practices and tools on innovation applied in business. The senior management workshop on "Innovation" in 2011 hammered the Hotel Division's key strategy. A electronic platform called "THINK PINK" is introduced this year for all colleagues to share their ideas. Pink Festival in June is an annual event to celebrate the new ideas the hotel has launched which engage both our colleagues and customers. The Group has also facilitated external and in-house designed training programmes in supervisory, management, soft skills as well as technical skills training. Besides, the Group has implemented an internal awareness program on "Innovation" to engage all colleagues.

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.

REVIEW OF INTERIM RESULTS

The unaudited financial statements for the six months ended 30 June 2012 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.

ISSUANCE OF INTERIM REPORT

The 2012 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 14 September 2012.

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, 17 August 2012

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	NOTES	Six Months Ended 30 June 2012 HK$'000 (unaudited)	2011 HK$'000 (unaudited)
Revenue	3	**2,354,181**	2,230,283
Cost of goods and services		**(1,624,790)**	(1,541,950)
Operating profit before depreciation		**729,391**	688,333
Depreciation		**(171,889)**	(172,259)
Operating profit		**557,502**	516,074
Fair value changes on investment properties		**228,556**	599,762
Fair value changes on derivative financial instruments		**41,823**	(169,751)
Fair value changes on financial assets designated at fair value through profit or loss		**-**	(1,637)
Other income		**107,978**	98,436
Administrative expenses		**(105,276)**	(111,904)
Finance costs	5	**(50,816)**	(49,961)
Share of results of associates		**668,369**	2,005,862
Share of results of a jointly controlled entity		**(5,138)**	(4,174)
Profit before tax		**1,442,998**	2,882,707
Income taxes	6	**(113,045)**	(112,069)
Profit for the period	7	**1,329,953**	2,770,638
Profit for the period attributable to:			
Owners of the Company		**1,329,698**	2,770,638
Non-controlling interests		**255**	-
		1,329,953	2,770,638
Earnings per share	9		
Basic		**HK$2.11**	HK$4.39
Diluted		**HK$2.11**	HK$3.57

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six Months Ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**1,329,953**	2,770,638
Other comprehensive income (expense)		
Fair value gain (losses) on available-for-sale investments	**796**	(1,863)
Exchange differences arising on translation of foreign operations	**36,683**	140,918
Share of other comprehensive income (expenses) of associates	**33**	(66,253)
Share of other comprehensive (expense) income of a jointly controlled entity	**(6,430)**	10,879
	31,082	83,681
Total comprehensive income for the period	**1,361,035**	2,854,319
Total comprehensive income for the period attributable to:		
Owners of the Company	**1,360,780**	2,854,319
Non-controlling interests	**255**	-
	1,361,035	2,854,319

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2012

	NOTES	**At 30 June 2012 HK$'000 (unaudited)**	At 31 December 2011 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**10,288,353**	10,140,331
Investment properties		**5,107,498**	4,879,376
Deposit for acquisition of a hotel property		**32,194**	-
Interests in associates		**16,903,931**	16,460,751
Interest in a jointly controlled entity		**641,922**	653,490
Available-for-sale investments		**98,230**	92,775
Investment in convertible bonds		**-**	2,834,389
Notes receivable		**77,575**	77,697
Restricted cash		**11,642**	12,295
		33,161,345	35,151,104
Current assets			
Inventories		**81,774**	95,240
Debtors, deposits and prepayments	10	**465,511**	423,417
Investment in convertible bonds		**2,949,650**	-
Notes receivable		**83,949**	96,251
Bank balances and cash		**3,479,533**	2,439,288
		7,060,417	3,054,196
Current liabilities			
Creditors, deposits and accruals	11	**812,077**	817,682
Derivative financial instruments		**1,907**	903
Provision for taxation		**83,761**	70,833
Borrowings due within one year		**3,063,472**	2,585,306
		3,961,217	3,474,724
Net current assets (liabilities)		**3,099,200**	(420,528)
Total assets less current liabilities		**36,260,545**	34,730,576
Non-current liabilities			
Derivative financial instruments		**-**	131
Borrowings due after one year		**1,113,940**	808,862
Deferred taxation		**398,155**	332,461
		1,512,095	1,141,454
NET ASSETS		**34,748,450**	33,589,122
Equity			
Share capital		**315,673**	314,533
Treasury shares		**-**	(4,583)
Share premium and reserves		**34,430,499**	33,279,172
Equity attributable to owners of the Company		**34,746,172**	33,589,122
Non-controlling interests		**2,278**	-
TOTAL EQUITY		**34,748,450**	33,589,122

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 ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In prior year, the Group early adopted the Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" in respect of the recognition of deferred tax on investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" and are presumed to be recovered through sale. In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported on these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective. The following new or revised standards have been issued after the date of the consolidated financial statements for the year ended 31 December 2011 were authorised for issuance and not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009- 2011 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]

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

For these new and revised HKFRSs, the Directors anticipate that their application 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 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 and restaurant operations.

	Six Months Ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Property rental income	**137,897**	132,178
Building management service income	**10,944**	9,584
Hotel income	**1,905,558**	1,801,306
Sales of goods	**72,387**	60,673
Dividend income	**2,712**	2,000
Management service income earned as a manager of real estate investment trust	**99,620**	91,786
Others	**125,063**	132,756
	2,354,181	2,230,283

4. SEGMENT INFORMATION

Operating segments are identified on the basis of organisational structure and 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 2011, 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 income for acting as the manager of Champion Real Estate Investment Trust ("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 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, 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 reportable segment for the period under review:

Six months ended 30 June 2012

Segment revenue and results

	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	148,841	1,905,558	133,964	165,818	-	2,354,181
Inter-segment revenue	1,165	-	-	6,117	(7,282)	-
Total	150,006	1,905,558	133,964	171,935	(7,282)	2,354,181

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 results	97,037	441,839	117,464	124,646		780,986
Other corporate income						13,673
Centralised corporate expenses						(62,566)
Depreciation						(171,889)
Fair value changes on investment properties						228,556
Fair value changes on derivative financial instruments						41,823
Finance costs						(50,816)
Share of results of associates						668,369
Share of results of a jointly controlled entity						(5,138)
Profit before tax						1,442,998
Income taxes						(113,045)
Profit for the period						1,329,953

4. SEGMENT INFORMATION - continued

Six months ended 30 June 2011

Segment revenue and results

	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 results	89,996	419,317	110,212	123,479		743,004
Other corporate income						2,087
Centralised corporate expenses						(70,226)
Depreciation						(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						2,770,638

5. FINANCE COSTS

	Six Months Ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on bank borrowings wholly repayable within five years	**28,696**	26,183
Interest on other loans wholly repayable within five years	**16,531**	18,189
Other borrowing costs	**5,589**	5,589
	50,816	49,961

6. INCOME TAXES

	Six Months Ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
Current period:		
Hong Kong Profits Tax	**46,877**	39,632
Other jurisdictions	**5,882**	9,540
	52,759	49,172
(Over)underprovision in prior periods:		
Hong Kong Profits Tax	**(1,630)**	4,402
Other jurisdictions	**(1,650)**	(1,980)
	(3,280)	2,422
	49,479	51,594
Deferred tax:		
Current period	**51,370**	60,475
Underprovision in prior periods	**12,196**	-
	63,566	60,475
	113,045	112,069

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

	Six Months Ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs (including directors' emoluments)	**840,143**	778,674
Share based payments (including directors' emoluments)	**592**	8,614
	840,735	787,288
Depreciation	**171,889**	172,259
(Reversal of) allowance for doubtful debts, net	**(229)**	830
Share of tax of associates (included in the share of results of associates)	**58,957**	43,283
Dividend income from listed investments	**(2,712)**	(2,000)
Interest income	**(102,647)**	(89,082)
Gain on disposal of property, plant and equipment	**-**	(5)
Net exchange gain	**(4,271)**	(6,907)

8. DIVIDENDS

	Six Months Ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends paid:		
Final dividend of HK40 cents in respect of the financial year ended 31 December 2011 (2011: HK38 cents in respect of the financial year ended 31 December 2010) per ordinary share	**251,604**	237,625
Dividends declared:		
Interim dividend of HK23 cents in respect of the six months ended 30 June 2012 (2011: HK21 cents in respect of the six months ended 30 June 2011) per ordinary share	**145,210**	132,664

On 27 June 2012, a final dividend of HK40 cents (2011: final dividend of HK38 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 2011. The scrip dividend alternatives were accepted by the shareholders as follows:

	Six Months Ended 30 June	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends		
Cash	**204,824**	79,641
Share alternative	**46,780**	157,984
	251,604	237,625

The Directors have determined that an interim dividend of HK23 cents (2011: HK21 cents) per ordinary share will be paid to the shareholders of the Company whose names appear in the Register of Members on 8 October 2012.

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	
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**1,329,698**	2,770,638
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	**1,329,698**	2,255,118

	Six Months Ended 30 June	
	2012	2011
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**631,007,418**	630,521,184
Effect of dilutive potential shares:		
Share options	**513,696**	1,587,270
Weighted average number of shares for the purpose of diluted earnings per share	**631,521,114**	632,108,454

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. For the six months ended 30 June 2012, the computation did not assume such conversion since an increase in earnings per share would result.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June	31 December
	2012	2011
	HK$'000	HK$'000
	(unaudited)	(audited)
Trade debtors, net of allowance for doubtful debts	**347,481**	293,327
Deferred rent receivables	**22,198**	23,242
Other receivables	**27,433**	45,829
Deposits and prepayments	**68,399**	61,019
	465,511	423,417

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 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
0 - 3 months	**282,545**	242,336
3 - 6 months	**6,725**	9,158
Over 6 months	**58,211**	41,833
	347,481	293,327

11. CREDITORS, DEPOSITS AND ACCRUALS

	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
Trade creditors	**137,489**	152,455
Deposits received	**268,953**	212,346
Construction fee payable and retention money payable	**7,455**	3,194
Accruals, interest payable and other payables	**398,180**	449,687
	812,077	817,682

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

	30 June 2012 HK$'000 (unaudited)	31 December 2011 HK$'000 (audited)
0 - 3 months	**125,845**	142,785
3 - 6 months	**3,323**	2,758
Over 6 months	**8,321**	6,912
	137,489	152,455