INTERIM REPORT 2013
2013年中期報告

鷹君集團有限公司
Great Eagle Holdings Limited

Incorporated in Bermuda with limited liability (Stock Code: 41)
於百慕達註冊成立之有限公司(股份代號：41)

GROUP PROFILE

The Great Eagle Group is one of Hong Kong's leading property companies; the Group also owns and manages an extensive international hotel portfolio branded under The "Langham" and its affiliate brands. Headquartered in Hong Kong, the Group develops, invests in and manages high quality office, retail, residential and hotel properties in Asia, Australasia, North America and Europe.

The Group's principal holdings include a 58.15% interest (as at 30 June 2013) in Champion Real Estate Investment Trust, and a 57.69% interest (as at 30 June 2013) in Langham Hospitality Investments & Langham Hospitality Investments Limited (LHI).

Champion Real Estate Investment Trust owns 1.64 million square feet of Grade-A commercial office space in Citibank Plaza in the Central business district of Hong Kong, as well as the office tower and shopping mall of Langham Place comprising a total floor area of 1.29 million square feet in the prime shopping district of Mongkok, Kowloon. As for LHI, it owns three high quality hotels in the heart of Kowloon, the 498-room Langham hotel in the prime shopping district of TsimShaTsui, the 666-room Langham Place hotel is located in the prime shopping area of Mongkok and is connected to the Langham Place Office and Mall, and the 465-room Eaton hotel, which is located on the busy arterial Nathan Road.

In the United States, the Group owns three office buildings with a total floor area of 544,000 square feet. The Group is also active in property management and maintenance services as well as building materials trading.

The Group's extensive international hotel portfolio currently comprises nineteen luxury properties with over 7,400 rooms, including thirteen luxury hotels branded under The Langham and Langham Place brands in the gateway cities of Hong Kong, Shanghai, Beijing, Shenzhen, London, New York, Chicago, Boston, Los Angeles, Sydney, Melbourne and Auckland; five Eaton Hotels in Hong Kong, Shanghai, Toronto and New Delhi; and the 88 Xintiandi in Shanghai. All the hotels are managed by Langham Hotels International Limited, which is a wholly-owned subsidiary of Great Eagle.

The Group was founded in 1963 with The Great Eagle Company, Limited as its holding company, shares of which were listed on the Hong Kong Stock Exchange in 1972. The Group underwent a re-organisation in 1990 and Great Eagle Holdings Limited, a Bermuda-registered company, became the listed company of the Group in place of The Great Eagle Company, Limited.

The Group had a core profit after tax of approximately HK$1,802 million in the financial year 2012 and a net asset value of approximately HK$37 billion as of 31 December 2012.

CONTENTS

CORPORATE INFORMATION

Directors
LO Ka Shui *(Chairman and Managing Director)*
LO Kai Shui *(Deputy Managing Director)*
LO TO Lee Kwan#
CHENG Hoi Chuen, Vincent*
WONG Yue Chim, Richard*
LEE Pui Ling, Angelina*
ZHU Qi*
LO Hong Sui, Antony
LAW Wai Duen
LO Hong Sui, Vincent#
LO Ying Sui#
KAN Tak Kwong *(General Manager)*

Non-executive Directors
* Independent Non-executive Directors

Audit Committee
CHENG Hoi Chuen, Vincent *(Chairman)*
WONG Yue Chim, Richard
LEE Pui Ling, Angelina
ZHU Qi

Remuneration Committee
LEE Pui Ling, Angelina *(Chairman)*
CHENG Hoi Chuen, Vincent
WONG Yue Chim, Richard

Nomination Committee
WONG Yue Chim, Richard *(Chairman)*
CHENG Hoi Chuen, Vincent
LEE Pui Ling, Angelina

Finance Committee
LO Ka Shui
LO Kai Shui
KAN Tak Kwong

Company Secretary
WONG Mei Ling, Marina

Auditor
Deloitte Touche Tohmatsu

Legal Advisors
Mayer Brown JSM
Clifford Chance
Appleby

Principal Bankers
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Banking Corporation Limited
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
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Bermuda

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Website
www.GreatEagle.com.hk

Stock Code
41

DIVIDEND NOTICE AND KEY DATES

Interim Dividend and Special Interim Dividend

The Board of Directors of the Company has resolved to declare an interim dividend of HK23 cents (2012: HK23 cents) per share and a special interim dividend of HK$1.00 (2012: Nil) per share for the six months ended 30 June 2013 ("2013 Interim Dividend"), payable on 16 October 2013 to Shareholders whose names appear on the Registers of Members of the Company on Monday, 7 October 2013.

Closure of Registers of Members

The Registers of Members of the Company will be closed from Wednesday, 2 October 2013 to Monday, 7 October 2013, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the 2013 Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 September 2013.

Key Dates

2013 Interim Results Announcement	**16 August 2013**
Closure of Registers of Members	**2 October 2013 – 7 October 2013** (both days inclusive)
Record Date for 2013 Interim Dividend	**7 October 2013**
Payment of 2013 Interim Dividend	**16 October 2013**

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2013 HK$ million	2012 HK$ million (restated)	Change
Key Financials on Income Statement			
Based on core business			
Revenue based on core business	2,734.1	2,653.6	3.0%
Core profit after tax attributable to equity holders	780.2	835.0	-6.6%
Core profit after tax attributable to equity holders (per share)	HK$1.22	HK$1.32	-7.5%
Based on statutory accounting principles			
Revenue based on statutory accounting principles	3,402.7	3,216.3	5.8%
Statutory Profit attributable to equity holders	1,272.3	1,329.7	-4.3%
Interim Dividend per share	HK$0.23	HK$0.23	
Special Interim Dividend per share	HK$1.00	–	

On the basis of core business, figures primarily exclude fair value changes relating to the Group's investment properties and financial assets, and are based on attributable distribution income from Champion REIT and LHI, which the Group believes to be a more meaningful measure of return from our investments in entities that focused principally on distributions.

Whereas financial figures prepared under statutory accounting principles are based on applicable accounting standards, which include fair value changes and consolidate financials of Champion REIT and LHI. The management's discussion and analysis focuses on core businesses of the Group.

	30 June 2013	As of 31 Dec 2012 (restated)
Key Financials on Balance Sheet		
Based on share of Net Assets of Champion REIT and LHI (core balance sheet)		
Net gearing	**Net Cash**	1%
Book value (per share)	**HK$87.8**	HK$67.7
Based on statutory accounting principles		
Net gearing	**16.0%**	27.7%
Book value (per share)	**HK$76.5**	HK$67.7

As for the Group's balance sheet prepared under statutory accounting principles, the entire debts of Champion REIT and LHI are consolidated. However, the Group only owns a 58.15% and 57.69% equity stake of Champion REIT and LHI respectively as at the end of June 2013. As the Group has no obligations in respect of the debts of Champion REIT and LHI, the net gearing ratio calculated based on figures prepared under statutory accounting principles overstates the Group's underlying indebtedness position. In order to better reflect the underlying financial position of the Group, the Group's core balance sheet is based on our share of net assets of Champion REIT and LHI.

Furthermore, under statutory accounting principles, as the Group still manages and operates the Hong Kong hotels that are owned by LHI, the Group's equity stake in LHI continued to be stated on a cost less accumulated depreciation basis and cannot be marked to market. This has the impact of significantly understating the value of our investment in LHI. In comparison, the Group's core balance sheet is based on our share of net assets of LHI, and as the hotels owned by LHI are classified as investment properties, the values of the hotels have been marked to market, and hence, the Group's core balance sheet should better reflect the scale of the Group's net asset base. More details of the balance sheet based on net assets of Champion REIT and LHI are on page 7 of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

Core Profit – Financial Figures based on core business

	Six months ended 30 June		
	2013 HK$ million	2012 HK$ million (restated)	Change
Revenue from core business			
Gross Rental Income	155.5	148.8	4.5%
Hotels Division*	1,910.7	1,905.6	0.3%
Management Fee Income from Champion REIT	141.0	134.0	5.2%
Distribution Income from Champion REIT^	331.7	299.4	10.8%
Distribution Income from LHI^	21.2	–	n.a.
Other operations	174.0	165.8	4.9%
	2,734.1	2,653.6	3.0%
Core Profit			
Net Rental Income	92.4	98.0	-5.7%
Hotel EBITDA*	442.9	442.2	0.2%
Management Fee Income from Champion REIT	141.0	134.0	5.2%
Distribution Income from Champion REIT^	331.7	299.4	10.8%
Distribution Income from LHI^	21.2	–	n.a.
Operating income from other operations	62.8	55.2	13.7%
Operating Income from core business	1,092.0	1,028.8	6.1%
Depreciation and amortisation	(63.6)	(54.3)	17.0%
Administration expenses	(147.8)	(105.3)	40.4%
Other income (including Interest income)	19.3	95.2	-79.7%
Finance costs	(60.8)	(50.8)	19.7%
Share of results of associates	11.1	11.6	-4.3%
Share of results of a JCE	(9.6)	(5.1)	88.2%
Core profit before taxation	840.6	920.1	-8.6%
Taxes	(59.8)	(84.8)	-29.5%
Core profit after tax	780.8	835.3	-6.5%
Non-controlling interest	(0.6)	(0.3)	149.0%
Core profit after tax	780.2	835.0	-6.6%

* Hotel income includes contribution from the Hong Kong hotels. It should be noted that upon the public listing of LHI on 30 May 2013, the Group's interests in the Hong Kong hotels were disposed of to LHI. Hotel income from the Hong Kong hotels for the first half of 2013 therefore covered the period from 1 January 2013 to 29 May 2013.

^ Under the Group's statutory profit, interim results of Champion REIT and LHI are consolidated on the Group's income statement. However, the Group's core profit is based on attributable distribution income from Champion REIT and LHI.

Segment assets and liabilities (Based on net assets of Champion REIT and LHI)

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

30 June 2013

	Assets HK$ million	Liabilities HK$ million	Net Assets HK$ million
Great Eagle operations (note 1)	28,375	4,912	23,463
Champion REIT (note 2)	35,313	8,615	26,698
LHI (note 2)	9,992	4,003	5,989
	73,680	17,530	56,150

Note 1: Included in the assets and liabilities are cash of HK$13,414 million and principal debts of HK$3,479 million, representing net cash of HK$9,935 million as at 30 June 2013.

Note 2: Assets and liabilities of Champion REIT and LHI are based on published financial information of Champion REIT and LHI and the respective interests held by the Company, being 58.15% and 57.69%, respectively (31 December 2012: 57.86% interests in Champion REIT held). Additionally, the assets of LHI include the hotel properties' appraised value as of 30 June 2013.

Financial Figures based on Statutory Accounting Principles

	Six months ended 30 June 2013 HK$ million	2012 HK$ million (restated)	Change
Revenue based on statutory accounting principles			
Gross Rental Income	155.5	148.8	4.5%
Hotels Division	2,036.4	1,905.6	6.9%
Management Fee Income from Champion REIT	141.0	134.0	5.2%
Other operations	174.0	165.7	5.0%
Gross Rental income of Champion REIT	1,058.7	1,010.8	4.7%
Gross Rental income of LHI	55.8	–	n.a.
Elimination on Intra-Group transactions	(218.7)	(148.6)	47.1%
Consolidated total revenue	3,402.7	3,216.3	5.8%
Net Rental Income	92.4	98.0	-5.7%
Hotel EBITDA	497.2	450.1	10.5%
Net Rental income from Champion REIT	881.1	849.9	3.7%
Operating income from other operations	68.2	60.1	13.4%
Operating Income	1,538.9	1,458.1	5.5%
Depreciation and amortisation	(186.5)	(171.9)	8.5%
Fair value changes on investment properties	794.7	1,167.0	-31.9%
Fair value changes on Derivative Financial Instruments	308.0	(14.9)	n.m.
Gain on conversion of convertible bonds of Champion REIT	29.3	–	n.a.
Administration expenses	(191.4)	(110.6)	73.1%
Other income (including Interest income)	30.0	28.8	4.1%
Finance costs	(264.9)	(201.2)	31.7%
Share of results of associates	0.6	11.6	-94.6%
Share of results of a JCE	(9.6)	(5.1)	88.2%
Statutory profit before taxation	2,049.1	2,161.8	-5.2%
Taxes	(127.2)	(221.9)	-42.7%
Statutory profit after tax	1,921.9	1,939.9	-0.9%
Statutory profit attributable to non-controlling unitholders of Champion REIT and non-controlling interests	(649.6)	(610.2)	6.5%
Statutory profit attributable to equity holders	1,272.3	1,329.7	-4.3%

Overview

Great Eagle's 2013 first half results demonstrate the Group's continued successful execution of capital recycling with the public listing of LHI. The initial public offering of LHI was well-received and LHI was successfully listed on 30 May 2013. The listing of LHI, comprising of an initial portfolio of three high quality hotels in Hong Kong, creates a platform for growth in the hospitality sector. All three hotels are well-positioned and located in prime shopping and commercial areas in the Kowloon Peninsula, where major infrastructure projects are currently underway. Furthermore, the listing of LHI has unlocked the value of the Group's owned Hong Kong hospitality assets.

As for the Group's core balance sheet, which figures are based on our share of net assets of Champion REIT and LHI, the Group's net book value rose to HK$87.8 per share as at the end of June 2013 (as at Dec 2012: HK$67.7), and the increase was primarily due to realization of the values of the Hong Kong hotels that have been valued at cost less accumulated depreciation prior to the spin off. Given the proceeds received from the spun off of the Hong Kong hotels, the Group was in a net cash position as at the end of June 2013. However, based on financials prepared under statutory accounting principles which in part consolidated the entire debts of Champion REIT and LHI, net gearing was at 16.0% as at the end of June 2013. However, this 16.0% gearing ratio overstates the indebtedness position of the Group, as the Group has no obligations in respect of the debts of Champion REIT and LHI.

On core profit, EBITDA from the Hotels Division in the first half period managed to stay flat compared with a year ago, despite the absence of approximately one month of income from the Hong Kong hotels after being spun off in May 2013. Income from Champion REIT rose on the back of higher management fee income, as well as higher distribution income. The increase in distribution income from Champion REIT was however, primarily due to timing difference that lowered the base for comparison. Excluding such timing difference, distribution income from Champion REIT would have been flat compared with a year ago.

Overall, operating income from core business, which included approximately one month of distribution income from LHI, rose 6.1% year-on-year to HK$1,092 million in the first half of 2013. However, core profit after tax dropped 6.6% year-on-year to HK$780.2 million over the period. The decline in core profit after tax was primarily due to absence of interest income booked from our investment in Champion REIT's convertible bonds, as they have been converted to units of the REIT in August 2012. Furthermore, an increase in administration expense associated with the spin-off project and unrealized losses from foreign currency translations also impacted profit over the first half period.

In terms of recent developments, the grand opening of our owned hotel, the Langham Chicago, in September 2013 should help to solidify Langham's positioning as a major global luxury hotel brand, given its prime location with high visibility along the Chicago River. In addition to Chicago, the Langham brand has also penetrated to the strategically important gateway city of New York, with the newly rebranded Langham Place Fifth Avenue hotel. Although this hotel is under contract to be purchased by the Group, the hotel has been managed by us under a pure management basis since May 2013.

Furthermore, with the rebranding of Delta Chelsea in Toronto to our own brand under "Eaton Chelsea" in July 2013, all of the hotels that are owned or part-owned by the Group are managed by our own hotel management subsidiary.

In the near term, the kick-off of the pre-sale of the apartments in the mixed-use Dalian project in September 2013 will mark another key milestone for the Group's first major investment in China. Meanwhile, the spin-off exercise has brought in net proceeds of HK$10.3 billion to the Group, hence the Group is considered extremely well-positioned financially and placed on a strong footing for acquisition growth. Going forward, the Group will be constantly evaluating investment opportunities that will enhance shareholder value.

Hotels Division

	Six months ended 30 June		
	2013 HK$ million	2012 HK$ million	Change
Hotel Revenue			
Hong Kong^	656.3	763.1	-14.0%
Europe	248.6	237.1	4.9%
North America	551.0	545.0	1.1%
Australia/New Zealand	410.4	332.8	23.3%
Others (including hotel management income)	44.4	27.6	60.9%
Total Hotel Revenue	1,910.7	1,905.6	0.3%
Hotel EBITDA			
Hong Kong^	254.8	282.0	-9.7%
Europe	61.0	50.6	20.6%
North America	41.9	39.6	5.8%
Australia/New Zealand	63.4	59.7	6.2%
Others (including hotel management income)	21.8	10.3	111.7%
Total Hotel EBITDA	442.9	442.2	0.2%

^ Upon the public listing of LHI on 30 May 2013, the Group's interests in the Hong Kong hotels were disposed of to LHI. Hotel income contribution from the Hong Kong hotels for the first half of 2013 therefore covered the period from 1 January 2013 to 29 May 2013.

Although the three hotels in Hong Kong were spun off into LHI on 30 May 2013, these hotels still have contributed to almost five months of operating income to the Group's Hotels Division in the first half period. Overall, EBITDA of the Hotels Division rose 0.2% year-on-year to HK$442.9 million in the first half of 2013. Despite lowered earnings contribution from the Hong Kong hotels, this was more or less offset by an increase in EBITDA of the overseas hotels, as well as higher hotel management income.

From 30 May 2013 onward, the financial returns on our 57.69% equity stake in the three hotels in Hong Kong will be reflected through our investment in LHI, under the section "Investment in LHI". While the financial figures for the Hong Kong hotels mentioned above are for the period up to 29 May 2013, hotels performance are based on a six month period from January to June of 2013, which provides a more meaningful comparative operational performance analysis.

Hotels Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (local currency)		RevPar (local currency)	
	1H 2013	1H 2012	1H 2013	1H 2012	1H 2013	1H 2012	1H 2013	1H 2012
The Langham, Hong Kong	495	495	85.4%	81.6%	2,254	2,221	1,924	1,811
Langham Place, Hong Kong	652	654	87.7%	85.8%	1,846	1,850	1,619	1,587
Eaton Hotel, Hong Kong	440	461	93.3%	92.5%	1,159	1,141	1,082	1,055
The Langham, London	380	378	76.0%	71.3%	267	264	203	189
The Langham, Melbourne	377	376	85.6%	78.9%	273	262	234	207
The Langham, Auckland	411	411	72.5%	69.4%	184	186	133	129
The Langham, Sydney	96	n.a.	82.9%	n.a.	281	n.a.	233	n.a.
The Langham, Boston	318	318	66.9%	64.3%	243	239	162	154
The Langham Huntington, Pasadena	380	380	72.1%	74.6%	228	210	164	157
Delta Chelsea Toronto	1,590	1,590	69.1%	67.4%	122	120	85	81
The Langham, Xintiandi, Shanghai (33.3% owned)	356	347	55.3%	52.3%	1,729	1,597	957	835

Hong Kong Hotels

The discussions on the performance of the Hong Kong hotels are based on a six month period from January to June of 2013, so as to provide a more meaningful comparative operational performance analysis.

The Langham, Hong Kong

The Langham Hong Kong had a good start to the year. Despite continued slow-down in travellers from Mainland Europe, there was some rebound in travellers from the U.S. over the first six months of 2013. At the same time, The Langham Hong Kong continued to accommodate more individual tourist arrivals from Mainland China and other Asia-Pacific regions, which helped The Langham Hong Kong to outperform the market in RevPAR growth in the first six months period. Although there were signs of a slow-down in revenue growth in May 2013 amidst uncertainties in the world economies, improved performance was witnessed in June. Overall, occupancy increased by 3.8 percentage points in the first six months of 2013 to 85.4% (1H 2012: 81.6%) while average room rate increased 1.5% year-on-year to HK$2,254 (1H 2012: HK$2,221).

Revenue from food and beverages rose 7% year-on-year in the first six months of 2013 for The Langham Hong Kong, which was mainly driven by an increase in average check achieved. In addition, there was an improvement in the catering business relating to wedding banquets and corporate events.

Langham Place, Hong Kong

Langham Place Hong Kong achieved a higher average occupancy of 87.7% (1H 2012: 85.8%) for the first six months of 2013. The increase was primarily driven by rising corporate and leisure travellers from Mainland China and other Asian countries. Except for arrivals from the U.K., arrivals from the long haul markets remained weak. Similar to the experience at The Langham Hong Kong, Langham Place Hong Kong also witnessed reduced demand in May, but there was a recovery in demand in June. Average room rate for the first six months of 2013 came to HK$1,846 (1H 2012: HK$1,850).

For Langham Place Hong Kong, there was a modest increase in revenue from food and beverages for the first six months of 2013. The increase was supported by the steady catering business and higher average check achieved. Business at the refurbished Michelin-starred Chinese restaurant has gained momentum over the six months period with revenue at the restaurant having reached pre-refurbishment level.

Eaton Hotel, Hong Kong
(Rebranded from Eaton Smart in February 2013)

The renovation on approximately one-fifth of the guest rooms at the Eaton Hotel from the second quarter of 2013 has negatively impacted performance of the hotel. Average occupancy came to 93.3% on an average of 440 rooms available for the first six months of 2013, as compared to 92.5% achieved on an average of 461 rooms available in the first six months of 2012. Average room rate for the first six months came to HK$1,159 (1H 2012: HK$1,141). Upon completion of the renovations targeted at the early part of July 2013, 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 beverages rose 7% year-on-year in the first six months for the Eaton hotel, mainly from improved business at the restaurants, as well as improved revenue from the catering business arising from wedding banquets.

Overseas Hotels

Europe

The Langham, London

After a slow start in the first quarter of 2013, activities in London picked up in the second quarter of 2013, which led to an overall RevPAR growth of 7.8% for Langham London in the first half period. The growth was coming from an increase in both leisure and corporate travellers, which led a 4.7 percentage points increase in average occupancy achieved for the hotel. Average occupancy was 76% in the first half of 2013 (1H 2012: 71.3%), while average room rate was £267 in the first half of 2013 (1H 2012: £264). On the other hand, revenue from food and beverages rose 10% year-on-year in the first half, driven by strong restaurant business, particularly from Roux at the Landau restaurant.

Australia/New Zealand

The Langham, Melbourne

A string of sporting events and conferences have helped boost performance of the Langham Melbourne for the first half period. The hotel has secured some major group events and together with its continued focus on increasing its share of weekend retail leisure travellers, both have contributed to lifting the average occupancy and room rate for the hotel. Average occupancy for the first half of 2013 came to 85.6% as compared to 78.9% for the same period a year ago. Average room rate rose to A$273 in the first half of 2013 (1H 2012: A$262).

However, revenue from food and beverages dropped 0.3% year-on-year during the first half period, which was due to a reduction in guests dining at the restaurants.

The last phase of the room renovation comprising 81 rooms commenced in early May of 2013 and is targeted for completion in August 2013. With the delivery of a more luxurious product to the market, this will help to enhance guest experiences at the Langham Melbourne.

The Langham, Auckland

While demand from the corporate segment was weak, the hotel managed to keep up its occupancy by targeting the retail segment. The focus to shift to more retail travellers however, has resulted in a modest decline in average room rate achieved. Average occupancy was 72.5% in the first half of 2013 (1H 2012: 69.4%), while the average room rate was marginally lower at NZ$184 in the first half of 2013 (1H 2012: NZ$186).

Nonetheless, revenue from food and beverages rose 4% year-on-year in the first half of 2013, despite the closure of the Barolo restaurant in January for conversion into event space, which was re-opened in March. The increase in overall revenue from food and beverages was on the back of increased business from catering and from the restaurants.

The Langham, Sydney

After acquisition and rebranding of the hotel to Langham in August 2012, the hotel continues to build retail business and market share while gaining brand recognition in the market. For the six months ended June 2013, the hotel achieved an average occupancy of 82.9% and an average room rate of A$281. While the hotel was able to achieve a high level of occupancy and room rates over the first half period, the pickup in revenue from food and beverages was relatively slower given a lack of demand for catering business.

North America

The Langham, Boston

The hotel market in the U.S. continues to experience improving fundamentals as a result of the economic recovery that is currently underway. With increased business from the meetings and conference market, RevPAR for Langham Boston rose 5.5% year-on-year over the first half of 2013, driven by a 2.6 percentage points increase in occupancy and higher average room rate. Average occupancy for the first half of 2013 was 66.9% as compared to 64.3% for the same period in the prior year. Average room rate came to US$243 in the first half of 2013, as compared to US$239 in the first half of 2012. The marathon bombs and subsequent manhunt in Boston did not have an impact on Langham Boston in the second quarter of 2013.

Revenue from food and beverages rose 8% year-on-year in the first half, as the hotel benefited from increased financial roadshows, meetings and conferences.

The Langham Huntington, Pasadena

After a good start in the first quarter, there was evidence of a slowdown in the market during the second quarter of 2013. The hotel pursued a strategy to accommodate more higher-yield retail business, which helped lift average room rate by 8.4% year-on-year. Average room rate came to US$228 in the first half of 2013 (1H 2012: US$210). However, occupancy was lowered and average occupancy was 72.1% for the first half of 2013 (1H 2012: 74.6%). All-in-all, there was a year-on-year RevPAR increase of 4.8%.

Food and beverage revenue dropped 5% year-on-year in the first half of 2013. The decline was led by fewer wedding events, as well as lower contribution from the restaurant, which underwent closure for approximately one month for refurbishment during the first half.

Delta Chelsea Hotel, Toronto
(Rebranded as Eaton Chelsea in July 2013)

Over the first half of 2013, given there were signs of an improvement in Toronto’s hotel market, the hotel managed to drive more higher yielding corporate travellers, as well as groups bookings, which served to displace lower yielding leisure travellers. As a result, average room rate rose to C$122 in the first half of 2013, as compared with C$120 in the first half of 2012. Average occupancy was also higher at 69.1% for the first half of 2013 (1H 2012: 67.4%). The refurbishment of the Lobby, restaurants and function rooms in association with the rebranding to Eaton Chelsea in July 2013 will help the hotel to maintain its market share through the transition associated with the rebranding.

Revenue from food and beverages dropped 6% year-on-year in the first half, due to a decline in catering business with less meetings and conference events, as well as negative impact from the refurbishment works at the restaurant during the second quarter of 2013.

China

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

Although the Shanghai hotel market as a whole was impacted by a number of factors including slower economic growth, tightened government spending and intensified competition from new hotels, the Langham Xintiandi continued to solidify its positioning as one of the most luxurious hotels in Shanghai and managed to deliver both occupancy and average room rate growth over the first half of 2013. Average occupancy rose to 55.3% on an average inventory of 356 rooms in the first half of 2013 (1H 2012: 52.3% on an average of 347 rooms). Average room rate achieved for the hotel was ¥1,729 in the first half of 2013 (1H 2012: ¥1,597).

Food and beverage revenue rose 14% year-on-year in the first half of 2013 due to improvement in both restaurants and catering business.

In addition to the revenue generated by the hotel portion of The Langham Xintiandi, there are also rental incomes from the shops which are all located on the street level of the hotel. The shops, with a total gross floor area of approximately 16,200 square feet, have all been leased to luxury fashion retailers as at the end of June 2013. Given their prime locations in the heart of Xintiandi, all the shops commanded high rental rates. As a result, net rental income from the shops made a meaningful contribution to the operating profit of the Langham Xintiandi in the first half of 2013.

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, has been converted into a 316-room Langham Hotel. The hotel soft opened in July 2013 and the grand opening will be in September 2013.

Asset Acquisitions

We have previously made announcements on the acquisition of a hotel with 214 rooms in Manhattan, New York, for US$229 million. We are pleased to advise that positive progress has been made. We hope to complete the acquisition as soon as practicable, and hopefully within this year. We will issue further announcement on the date of the completion.

Hotel Management Business

In the first half of 2013, another long-term hotel management contract was added to the growing portfolio of hotels under management, namely the Langham Place Fifth Avenue, which is the same hotel the Group is under contract to acquire as mentioned in the “Asset Acquisitions” above, to join the ranks of third-party hotels managed by our hotel management subsidiary. These openings brought the number of hotels in our management portfolio to eight with approximately 1,900 rooms at the end of June 2013. 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 360 rooms, aggregating to a gross floor area of approximately 286,000 square metres. The Group has a 50% equity interest in this project and acts as the project manager. After the completion of excavation and foundation works, construction of the first phase of the project commenced in February 2012 and the project is targeted for completion in two phases from 2014/15 onward. Up to the end of June 2013, the Group has invested HK$649 million for its stake in the project.

As pre-sale of the apartments will start in September of this year, the sales office and show flats have already been put in operation. The show flats are furnished with the best-in-class finishing that portrays grandness and contemporary elegance of the Langham Place brand.

Income from Champion REIT

Given the accounting change to consolidate our 58.15% stake in Champion REIT, such consolidation has resulted in significant distortion to our underlying financial position. In this regard, the Group's core profit will continue to be based on attributable distribution income from Champion REIT in respect of the same financial period. This we believe will better reflect the underlying financial return and economic interest attributable to our investment in Champion REIT. On that basis, total income from Champion REIT in the first half rose by 9.1% year-on-year to HK$472.7 million. With higher asset management income, together with an increase in agency commission income in the first half of 2013, overall management fee income from Champion REIT rose 5.2% to HK$141 million in the first half of 2013 (1H 2012: HK$134 million).

	Six months ended 30 June		
	2013 HK$ million	**2012** HK$ million (restated)	Change
Attributable Distribution income	331.7	299.4	10.8%
Management fee income	141.0	134.0	5.2%
Total income from Champion REIT	472.7	433.4	9.1%

The following are excerpts from Champion REIT's 2013 interim results announcement relating to the performance of the REIT's properties.

Citibank Plaza

Occupancy at Citibank Plaza decreased marginally from 89.1% at the beginning of the year to 88.4% as of 30 June 2013. Asking rents at Citibank Plaza are currently at HK$80-85 per sq. ft. on lettable area. Passing rents, which are the average rental rate of existing tenancies weighted by floor area, increased slightly from HK$85.12 per sq. ft. at the beginning of the year to HK$85.26 per sq. ft. at mid-year. Rental income at Citibank Plaza was flat and gross revenue only saw a marginal improvement to HK$600 million because of a 10% increase in building management fee income. There was a corresponding increase in building management fee expense which drove operating expenses up 5.2% to HK$102 million. The net result was a marginal 0.3% decrease in net property income commensurate with the slight drop in occupancy.

Langham Place Office Tower

The resilience of the non-financial sectors in Hong Kong has sustained demand for office space outside of the Central district. The occupancy rate was 98.8% as of 30 June 2013. Asking rents at the Langham Place Office Tower have risen this year and are now HK$38-45 per sq. ft. on gross floor area compared to HK$32-38 per sq. ft. a year ago. Passing rent increased from HK$28.36 at the end of last year to HK$30.42 as of 30 June 2013. This was a result of higher rent rates on 20% of the floor area subject to new leases during the first half. Revenue at the Office Tower increased 7.4% to HK$138 million. Net property income grew 6.2% from HK$104 million to HK$110 million.

Langham Place Mall

In the first half of 2013, the mall continued to enjoy very high levels of foot traffic. It remained virtually fully let at mid-year 2013. Average sales per sq. ft. for tenants at the mall for the first half grew 9.7% year-on-year. The pace of growth has moderated mainly due to the lackluster performance of fashion retailers which was affected by unfavourable weather conditions in April and May. In the first half, tenancies representing only 5% of the mall's floor area were rolled over. Nonetheless the average passing rent rate increased from HK$114.89 per sq. ft. on lettable area as at the end of 2012 to HK$118.71 per sq. ft. as of June 2013. Revenue increased 12.2% from HK$285 million to HK$320 million. Overall, net property income increased by 10.3% from HK$227 million to HK$250 million.

Investment in LHI

On statutory accounting basis, our investment in LHI is classified as a subsidiary, and its results are consolidated on the Group's statutory income statement. However, as LHI is principally focused on distributions, the Group's core profit will be based on attributable distribution income, as we believe it will better reflect the financial return and economic interest attributable to our investment in LHI. This entry is also consistent with our practice in accounting for returns from our investment in Champion REIT, which also focuses on distributions.

As LHI was listed on 30 May 2013, distribution income covered the period from 30 May 2013 to 30 June 2013 in the first half of 2013. After taking into consideration of the distributions waived by the Group, distribution income from LHI came to HK$21.2 million in the first half of 2013.

In 2013, distribution entitlement in respect of 13.1% of our holdings in the share stapled units of LHI (before the impact of hotel management fee issued in units) will be waived, and the said percentage will drop to approximately 4.4% in 2017 and all of our holdings are entitled to distributions in 2018.

It was a gesture by the Group, as a major investor of LHI to waive part of its distributions so as to minimise dilution impact on initial yield to other investors. The dilution arose from additional units issued at the time of the initial public offering. The additional capital has been raised to fund asset enhancement initiatives on the initial portfolio, which should help support performance and value of the properties of LHI going forward.

	Six months ended 30 June		
	2013 HK$ million	2012 HK$ million	Change
Attributable Distribution income from LHI	21.2*	n.a.	n.a.

* This amount covered the period from the listing date (i.e. 30 May 2013) of LHI to 30 June 2013.

Investment Properties

	Six months ended 30 June		
Gross rental income	2013 HK$ million	2012 HK$ million	Change
Great Eagle Centre	69.6	60.4	15.2%
Eaton Serviced Apartments	19.4	21.2	-8.4%
United States Properties	54.2	55.1	-1.7%
Others	12.3	12.1	1.7%
	155.5	148.8	4.5%
Net rental income	HK$ million	HK$ million	Change
Great Eagle Centre	56.7	58.6	-3.2%
Eaton Serviced Apartments	10.3	14.7	-29.7%
United States Properties	24.5	23.7	3.3%
Others	0.9	1.0	9.7%
	92.4	98.0	-5.7%

Great Eagle Centre

The Wanchai office market displayed considerable resilience in the first half of 2013, given continued demand from Mainland Chinese companies and relocations of Central tenants seeking more affordable rents. As for Great Eagle Centre, majority of the leases executed in the first half of 2013 were between HK$60 and HK$73 per sq. ft. on lettable area. As a result, average passing rent at the Great Eagle Centre went from HK$55.2 per sq. ft. as of June 2012 to HK$61.8 per sq. ft. as of June 2013.

However, given the Group's planned strategy to improve operational efficiency, the Group will further consolidate its office space requirement at Great Eagle Centre from early 2014. This has resulted in increased downtime on certain office space when their leases expired during the first half of 2013. As a result, occupancy for the office portion of Great Eagle Centre was lowered to 91.7% as at the end of June 2013, as compared to 94.5% as at the end of June 2012.

The retail portion of Great Eagle Centre stayed at 100% leased throughout the first half period with a 4.6% year-on-year growth in average rent achieved as of June 2013. Overall, gross rental income for Great Eagle Centre increased 15.2% to HK$69.6 million in the first half of 2013 (1H 2012: HK$60.4 million). However, net rental income was impacted by booking of additional expenses. These expenses are for the relocation and upgrading of the cooling water pumping facilities and other maintenance capital expenditure that cannot be capitalized. As a result, net rental income dropped 3.2% to HK$56.7 million in the first half of 2013 (1H 2012: HK$58.6 million).

Eaton Serviced Apartments

On the back of slower demand for short term accommodations, coupled with interruptions from redevelopment works at the Wanchai Gap road property, these factors have added pressure on the occupancy of our serviced apartments in the first half. Overall occupancy for the three serviced apartments fell from 75.6% in the first half of 2012 to 65.9% in the first half of 2013. However, rents achieved for the portfolio for the half year period are still higher than that achieved a year ago. Achieved rental rates rose 4.1% from HK$42.9 per sq. ft. on gross floor area in the first half of 2012 to HK$44.8 per sq. ft. in the first half of 2013. Gross rental income dropped 8.4% year-on-year to HK$19.4 million in the first half of 2013, whereas net rental income dropped 29.7% year-on-year to HK$10.3 million.

United States Properties

As recovery in the office leasing market in California progresses, vacancy rates in the San Francisco area continued to decline over the first half of 2013. As such, asking rental rates in the area over the first half of 2013 remained on an upward trend. Even though spot rents at 353 Sacramento and 500 Ygnacio have risen to levels above their average passing rents, a lack of lease renewals has constrained growth in their passing rents. Spot rents at 2700 Ygnacio as at the end of June 2013 were still below its average passing rent.

Occupancy of the portfolio was flat at 93% as at the end of June 2013 as compared to the end of June 2012.

Average passing rent for the portfolio was US$34 per sq. ft. on net rentable area as at the end of June 2013, as compared with US$34.8 per sq. ft. as at the end of June 2012. Gross rental income dropped slightly to HK$54.2 million in the first half of 2013 (1H 2012: HK$55.1 million). With lower tenant inducement costs, net rental income rose 3.3% to HK$24.5 million in the first half of 2013 (1H 2012: HK$23.7 million).

Financial Review

Debt

On statutory basis, after consolidating the results of Champion REIT and LHI, the consolidated net debts of the Group as of 30 June 2013 was HK$7,796 million, a decrease of HK$4,041 million compared with that as of 31 December 2012. The decrease in net borrowings during the period was mainly contributed by the cash proceeds from the spin-off of the three Hong Kong hotels.

Equity Attributable to Shareholders, based on professional valuation of the Group’s investment properties as of 30 June 2013 and the depreciated costs of the Group’s hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK$48,875 million, representing an increase of HK$6,104 million compared to the restated value of HK$42,771 million as of 31 December 2012. The increase was mainly attributable to the profit for the period and surplus credited to other reserves on deemed disposal of the three Hong Kong hotels.

For accounting purpose, on consolidation the Group is treated as to include entire debts of Champion REIT and LHI. Based on such statutorily reported consolidated net debts (“Reported Debts”) and equity attributable to shareholders, the gearing ratio of the Group as at 30 June 2013 was 16.0%. However, since only 58.15% and 57.69% of the net debts of Champion REIT and LHI respectively are attributable to the Group, and debts of these two separately listed subsidiary groups had no recourse to the Group, we consider it is more meaningful to account for the net debts based on sharing of net assets of listed subsidiaries instead of Reported Debts, and the resulting net cash position is illustrated below.

Net debt (cash) at 30 June 2013	Consolidated HK$ million	Sharing of Net Assets* HK$ million
Great Eagle	(9,935)	(9,935)
LHI	6,178	–
Champion REIT	11,553	–
Net debts (cash)	7,796	(9,935)
Equity Attributable to Shareholders of the Group	48,875	56,150
Gearing ratio as at 30 June 2013	16.0%	n.a.

* Net debts/(cash) based on the sharing of net assets of the separately listed subsidiary groups.

The following description is based on the statutorily consolidated financial statements:

Indebtedness

Our gross debts (including medium term note) after consolidating Champion REIT and LHI in Hong Kong dollars amounted to HK$23,082 million as of 30 June 2013. Foreign currency gross debts as of 30 June 2013 amounted to the equivalent of HK$5,182 million, of which the equivalent of HK$3,597 million or 69% was on fixed-rate basis.

Finance Cost

The net consolidated finance cost incurred during the period was HK$237.8 million. Overall interest cover at the reporting date was 5.8 times.

Liquidity and Debt Maturity Profile

As of 30 June 2013, our cash, bank deposits and undrawn loan facilities amounted to a total of HK$16,024 million. The majority of our loan facilities are 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 2013:

Within 1 year	31.0%
1-2 years	0.6%
3-5 years	54.9%
Over 5 years	13.5%

Pledge of Assets

At 30 June 2013, properties of the Group with a total carrying value of approximately HK$51,251 million (31 December 2012: HK$64,649 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

Commitments and Contingent Liabilities

As at 30 June 2013, the Group had authorised capital expenditure of HK$2,324 million (31 December 2012 (restated): HK$527 million) of which capital commitment contracted for but not provided in the condensed consolidated financial statements as follows:

(a) HK$248 million (31 December 2012 (restated): HK$454 million) for the acquisition and addition of investment properties and property, plant and equipment; and

(b) HK$1,939.8 million, being the balance of the consideration of HK$2,155.3 million and stamp duty of HK$91.6 million in respect of the acquisition of a portion of the third floor and the whole of the fourth, fifth and sixth floors of Citibank Tower.

As at 30 June 2013, the Group had outstanding financial commitment of RMB25.5 million (equivalent to HK$32 million) (31 December 2012: HK$32.5 million) for capital injection to a joint venture.

The Group signed a sale and purchase agreement in October 2012 for the acquisition of a hotel property in New York at a consideration of approximately US$229 million. Completion of the acquisition is subject to certain conditions precedent which have not yet been fulfilled at the reporting date. A sum of US$15 million has been paid and held in escrow pending completion.

Other than set out above, the Group did not have any significant commitments and contingent liabilities as at 30 June 2013.

Events After the End of the Reporting Period

On 11 July 2013, Champion REIT completed the acquisition of a portion of the third floor and the whole of the fourth, fifth and sixth floors of Citibank Tower at a consideration of HK$2,155.3 million (the "Acquisition"). A new loan facility of HK$1,900 million was drawn to finance the Acquisition. Following the Acquisition, Champion REIT owns 100% of the rentable area of Citibank Plaza.

Outlook

Talks on tapering of the Federal Reserve's bond buying programme, coupled with slower growth in China have contributed to the volatile global financial markets since mid-May of this year. However, markets have stabilised somewhat after statements that there is no preset course for trimming the bond purchases and the Chinese premier's reiteration on supporting China's economic growth. Nonetheless, we believe financial markets will remain volatile in the near term, which could have a wider impact on global economic growth. Therefore, we must remain vigilant and prepare ourselves to face uncertainties in the global economy.

In the second half of 2013, distribution and hotel management incomes from LHI are expected to be higher to reflect the full six months of contributions after its listing in May 2013. At the hotel operating level, outlook for the three hotels in Hong Kong remains steady, as the hotels are witnessing encouraging booking pace, although forward booking window is short. The roll out of a new cruise terminal and expansion of Hong Kong Disneyland in the second half of 2013 should help to support leisure and business arrivals into the city.

Income from the Hotels Division will be lowered in the second half after the three hotels in Hong Kong were spun off into LHI in May 2013. In terms of the outlook for the hotels outside of Hong Kong, our hotels in the U.S. should benefit from further recovery in the U.S. hotel market amid improving economic outlook. For the hotel in London, we are cautiously optimistic, given signs of improving trends from the second quarter of this year. Performance of the hotels in Australasia should be steady, whereas the rebranding of the hotel in Toronto from July 2013 to our own Eaton brand could lead to some earning volatility, given interruptions from the rebranding.

For Champion REIT, there is limited downside on the income of Citibank Plaza for the rest of 2013 and a high likelihood of higher rental income at Langham Place. However, a better operating performance at the properties level in the second half will not necessarily result in higher distributions in the second half, as the REIT is faced with higher interest costs.

Although economic conditions will be more challenging in the near term, the Group is well-prepared to face such challenges, given our disciplined approach to maintaining a strong financial position, which will provide us with a sufficient buffer against any market adversities. In fact, with our ample liquidity, we will take the opportunity to exploit weak asset values in selected markets for growth into the future.

Lo Ka Shui
Chairman and Managing Director

Hong Kong, 16 August 2013

GOVERNANCE AND COMPLIANCE

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 and mandatory disclosures as set out in the CG Code, except the following deviations in respect of which remedial steps for compliance have been taken or considered reasons are given below:

CG Code Provision A.2.1 requires that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual

Dr. Lo Ka Shui is the Chairman of the Board and is holding the office of Managing Director of the Company. While this is a deviation from CG Code Provision A.2.1, dual role leadership has been in practice by the Company for decades and has withstood the test of time. The Board considers this arrangement to be appropriate for the Company as it can preserve the consistent leadership culture of the Company and allow efficient discharge of the executive functions of the chief executive officer. The Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high caliber individuals including four Independent Non-executive Directors and three 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. Notwithstanding that Dr. Lo is not subject to retirement by rotation, Dr. Lo has voluntarily disclosed his details in accordance with Rule 13.74 in the general mandate annually for Shareholders' information.

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. Over-disclosure of such information may induce inflationary spiral and undesirable competition which in turn is detrimental to the interests of shareholders. The Board considers that our current approach on disclosing the emoluments of Directors on named basis and 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.

Board of Directors and Delegation by the Board

The Board of Directors assumes responsibility for leadership and control of the Group and is collectively responsible for promoting the success of the Company. It plays a central support and supervisory role in the Company's corporate governance duties. The governance framework of the Company is constituted by the Statement of Corporate Governance Practices established in 2012. The Statement is reviewed from time to time in light of the latest statutory requirements and governance practice. It serves as an ongoing guidance for the Directors in performing and fulfilling their respective roles and obligations to the Company. The Board is also responsible for overseeing the management and operation of the Group and is ultimately accountable for the Group's activities, strategies and financial performance.

The Board currently has twelve members, with five Executive Directors and seven Non-executive Directors, four of whom are Independent Non-executive Directors. The Board comprises a relatively balanced number of Executive Directors and Non-executive Directors (including Independent Non-executive Directors representing one-third of the Board) that can ensure there is adequate independent judgment for the running of the Company's business. The members of the Board comprise experts from various professions with extensive experience and have appropriate professional qualifications or accounting or related financial management expertise.

Under the leadership and supervision by the Board, day-to-day management and operation of the Group are delegated to divisional management. The Board gives clear directions to the management as to their powers of management, and circumstances in which the management should report back. The divisional management is also accountable for the execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures and compliance with relevant statutory requirements, rules and regulations.

The Board of Directors has established four standing Board Committees with clear terms of reference to review specific issues or items. They are the Audit Committee, Remuneration Committee, Nomination Committee and Finance Committee.

The role of the Audit Committee is to review the reports and proposals from management and to make recommendations to the Board of Directors of the Company in respect of the financial reporting and other statutory obligations, and system for internal control and audit process with a view to assist the Board to fulfill its duties in relation to internal control, risk management and financial management. The Audit Committee currently comprises four Independent Non-executive Directors, namely, Mr. Cheng Hoi Chuen, Vincent (who is the chairman of the Audit Committee), Professor Wong Yue Chim, Richard, Mrs. Lee Pui Ling, Angelina and Mr. Zhu Qi.

The Remuneration Committee adopts model of determining the remuneration packages for all directors and senior management. It is also responsible for setting up formal and transparent procedures to determine policy on Executive Directors' remuneration and to ensure remuneration levels should be sufficient to attract and retain Directors to run the company successfully without paying more than necessary. The Remuneration Committee currently comprises three Independent Non-executive Directors, namely, Mrs. Lee Pui Ling, Angelina (who is the chairman of the Remuneration Committee), Mr. Cheng Hoi Chuen, Vincent and Professor Wong Yue Chim, Richard.

The Nomination Committee is responsible for formulating policy and making recommendations to the Board on nominations, appointment or re-appointment of Directors and Board succession. The Nomination Committee recommends candidates for nomination to the Board. Appointments to the Board shall be on merit and against objective criteria and with due regard for the benefits of diversity. There are many considerations that factor into the Nomination Committee's nomination process including legal requirements, best practices, skills required to complement the Board's skill set and the number of Directors needed to discharge the duties of the Board and its Committees. But it will not set any restrictions like gender, age, cultural or educational background when short listing candidates. The Board approves the final choice of candidates. The Nomination Committee currently comprises three Independent Non-executive Directors, namely, Professor Wong Yue Chim, Richard (who is the chairman of the Nomination Committee), Mr. Cheng Hoi Chuen, Vincent and Mrs. Lee Pui Ling, Angelina.

The role of the Finance Committee is to assist the Board in fulfilling its policy and oversight responsibilities with respect to financial matters. Matters considered by the Finance Committee and the decisions reached are reported to the Board at regular Board meetings. The Finance Committee currently comprises three Executive Directors, namely, Dr. Lo Ka Shui, Mr. Lo Kai Shui and Mr. Kan Tak Kwong.

Compliance with the Model Code

The Company has adopted its own Code of Conduct for Securities Transactions on terms no less exacting than the required standard set out in the Model Code 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 ended 30 June 2013.

Governance Policies

Guidelines, policies, and procedures including the Employee Code of Conduct, Shareholder Communication Policy, Reporting and Monitoring Policy on Connected Transactions and Policy on the Preservation and Prevention of Misuse of Inside Information have been established to maintain governance framework of the Group. The Company adheres to strict measures in mitigating the leakage of price sensitive information. The Policy on the Preservation and Prevention of Misuse of Inside Information, which was updated in 2012 to reflect the statutory regime for disclosure of inside information implemented under the Securities and Futures (Amendment) Ordinance 2012 that came into force on 1 January 2013, sets out the Company's overriding principles, monitoring and reporting procedures to preserve the confidentiality of unpublished inside information. The Chairman, General Manager, Company Secretary and Investment Services Director are identified as the authorized spokespersons of the Company and procedures for responding to external communications are formalized. Complete version of the policy and other governance policies are posted on the Company's website at www.GreatEagle.com.hk for Shareholders' information.

Review of Interim Results

The unaudited financial statements for the six months ended 30 June 2013 were prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA, and have been reviewed 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.

This interim report comprising the unaudited financial statements has been reviewed by the Audit Committee of the Company.

Disclosure of Directors' Information pursuant to Rule 13.51B(1) of the Listing Rules

Changes in the information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2012 Annual Report of the Company are set out below:

Dr. Lo Ka Shui, Chairman and Managing Director of the Company, was appointed as the Chairman and Non-executive Director of LHIL Manager Limited (as trustee-manager of Langham Hospitality Investments) and Langham Hospitality Investments Limited and as a member of the Remuneration Committee and the Nomination Committee of Langham Hospitality Investments Limited. LHI was listed on the Stock Exchange on 30 May 2013. Dr. Lo also stepped down as Chairman after serving for four years and was elected as Vice Chairman of The Chamber of Hong Kong Listed Companies, both with effect from 27 June 2013.

In accordance with the Listing Rules, any change in the amount of the Director's emoluments and the basis of determining the same shall be disclosed in the next published annual or interim report. On 6 June 2013, 1,230,000 share options of the Company were granted to the following Executive Directors of the Company and according to the Company's share accounting policy, the following share-based payments in respect of the aforesaid options were accounted for during the vesting period as non-cash emoluments of the respective Executive Directors:

Name of Executive Directors	**Number of Options**	**Share-based Payment*** (HK$)
Lo Ka Shui *(Chairman and Managing Director)*	630,000	183,225
Lo Kai Shui *(Deputy Managing Director)*	100,000	29,083
Lo Hong Sui, Antony	100,000	29,083
Law Wai Duen	100,000	29,083
Kan Tak Kwong *(General Manager)*	300,000	87,250

* Further details of share-based payments are set out in note 25 to the Condensed Consolidated Financial Statements on pages 71 and 72 in this Report.

New Shares Issued

As at 30 June 2013, the total number of issued shares of the Company was 639,249,964. As compared with the position of 31 December 2012, a total of 7,850,354 new shares were issued during the period in the following manner:

- During the period, 2,870,500 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$65,126,380.
- On 21 June 2013, a total of 4,979,854 new shares at a price of HK$32.04 per share were issued to the Shareholders who had elected to receive scrip shares under the Scrip Dividend Arrangement in respect of the 2012 final dividend.

Purchase, Sale or Redemption of the Company's Securities

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

Public Float

As at the date of this interim report, 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.

Major Transaction

Reference is made to the Circular to Shareholders ("Circular") dated 16 May 2013 issued by the Company in respect of the spin-off of the three Hong Kong hotels, which was deemed to be a disposal by the Company to LHI and constituted a major transaction for the Company under the Listing Rules. The spin-off was thus subject to, among other things, the approval from the Shareholders.

As explained in the Circular, Dr. Lo Ka Shui and HSBC International Trustee Limited, which constituted a closely allied group of Shareholders holding an aggregate of approximately 53.5% of the voting rights of the Company, granted their written approval to the Company for the spin-off and as a result, approval from the Shareholders was duly obtained for the spin-off in accordance with all the applicable rules and regulations without the need to hold a Shareholders' meeting.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the spin-off (including the reorganization of Langham Hospitality Investments Limited and its subsidiaries ("LHI Group")).

Reference is also made to the announcement ("Announcement") dated 4 June 2013 jointly issued by the Company and LHI in relation to IPO Adjustments for the Acquisition. Capitalized terms used herein shall have the same meanings given to them in the Announcement. It is announced that taking into account the Post-Completion Adjustments in the amount of approximately HK$2 million (being net balance payable by the Group to the LHI Group) according to the agreed-upon procedures report to the post-completion statement issued by the auditor subsequent to the announcement of the 2013 interim results of the Group in accordance with the sales and purchase agreements each dated 10 May 2013 entered into between the Group and the LHI Group in relation to the sale of the entire issued share capital of Rowan Enterprises Limited, Braveforce Investments Limited, Baxter Investment Limited and Glendive Investment Limited by the Group regarding the reorganization of the LHI Group in preparation for the listing; and the IPO Adjustments for the Acquisition of approximately HK$1,126 million, the amount of the Acquisition Consideration would be therefore adjusted to approximately HK$16,035 million.

Remuneration and Staff Development

During the period, the number of employees of the Group slightly increased mainly due 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 staff (including executive directors) are entitled to participate in the Great Eagle Holdings Limited Share Option Scheme.

In 2013, the corporate culture of applying the best practices from "The 7 Habits of Highly Effective People" program and adopting innovative approaches at work has continuously been cultivated. We raise staff awareness through different channels such as training programs, promotional items, forming committee and electronic platform for staff to express their ideas. The Group has also facilitated external and in-house designed training programmes in supervisory, management, soft skills as well as technical skills training. The organization strategies are sustainable due to staff involvement and management support. Since strategic alignment plays an important role in organizational development, various strategic planning initiatives will be organized to ensure business objectives are achieved.

Our Hotel Division continues to create a diversified, multifacet development platform for our colleagues in 2013. Apart from the around-the year training calendar, a targeted programme for department heads and executives named APEX "Advanced Programme for Executives" is continued to equip them with essential knowledge, skills and experiences to take up next level or more challenging roles in the future. Colleagues participating in APEX gained various development opportunities, such as targeted work assignments, eCornell training on leadership and hospitality topics and mentor arrangement. Our Hotel Division successfully renewed the Manpower Developer Scheme by the Employee Retraining Board and is continued to be acknowledged as "Manpower Developer 1st." from 2012 to 2014. The Langham Place Hotel won the "Excellent Sourcing & Staffing Award" and "Grand Award of the Year" by the Hong Kong Institute of Human Resource Management in 2012.

"Innovation" is one of the key strategies of the Hotel Division. An electronic platform, "THINK PINK" is established for all colleagues to share their ideas. Each June, all hotels globally participated in the annual Think Pink Festival, to engage the guests and colleagues celebrating the Langham's innovation initiatives. The first Annual Think Pink Ideas Awards is launched in 2013 awarding the hotel that contributed the best idea for "How do we create the Most Unforgettable Arrival and Departure Experience?". Also, a video was shown in the guest rooms, showcasing Langham's innovation with its new products and initiatives.

Corporate Social Responsibility

We recognise that high levels of CSR will create long-term value for our customers, partners, investors, employees and community. At the same time, as this business approach improves the quality of life in our workplace as well as the local community and the world at large, we strive to embed CSR into our organizational culture.

The Company has presented its 2012 Annual Report to the Global Reporting Initiative's Report Services for Application Level Check, and our Group has achieved Report Application Level C. This achievement recognises our remarkable performance and reporting in CSR.

DISCLOSURE OF INTERESTS

Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2013, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, are as follows:

1. Long positions in shares and underlying shares of the Company

	Number of Ordinary Shares/Underlying Shares						
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Number of outstanding share options	Total	Percentage of issued share capital (9)
Lo Ka Shui	55,859,910 (1)	–	3,658,806 (2)	288,669,322 (3)	1,258,000	349,446,038	54.67
Lo Kai Shui	202,973	–	639,146 (4)	211,695,169 (5)	525,000	213,062,288	33.33
Lo To Lee Kwan	999,332	–	4,654,307 (6)	211,695,169 (5)	–	217,348,808	34.00
Cheng Hoi Chuen, Vincent	–	10,000	–	–	–	10,000	0.00
Wong Yue Chim, Richard	10,000	–	–	–	–	10,000	0.00
Lo Hong Sui, Antony	182,126	–	–	211,695,169 (5)	475,000	212,352,295	33.22
Law Wai Duen	1,292,160	–	–	211,695,169 (5)	300,000	213,287,329	33.37
Lo Hong Sui, Vincent	293	–	–	211,695,169 (5)	–	211,695,462	33.12
Lo Ying Sui	3,855,046	3,764 (7)	33,269,396 (8)	211,695,169 (5)	–	248,823,375	38.92
Kan Tak Kwong	1,268,753	–	–	–	1,100,000	2,368,753	0.37

Notes:

(1) Among these 55,859,910 shares, 4,294,000 shares of which were derivative interests held by Dr. Lo Ka Shui.

(2) These interests were held by certain companies wholly-owned by Dr. Lo Ka Shui who is also a director of these companies.

(3) These 288,669,322 shares comprise:

(i) 211,695,169 shares owned by a discretionary trust of which Dr. Lo Ka Shui, Mr. Lo Kai Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui are among the beneficiaries; and

(ii) 76,974,153 shares owned by another discretionary trust of which Dr. Lo Ka Shui is the founder.

(4) These 639,146 shares comprise 534,900 shares held by certain companies wholly-owned by Mr. Lo Kai Shui and 104,246 shares held by a company controlled by him. Mr. Lo Kai Shui is also a director of these companies.

(5) These shares are the same parcel of shares referred to in Note (3)(i) above.

(6) These 4,654,307 shares were held by certain companies wholly-owned by Madam Lo To Lee Kwan who is also a director of these companies.

(7) On 10 July 2013, these 3,764 shares were transferred to the company as described in Note (8) below.

(8) These 33,269,396 shares were held by a company wholly-owned by Dr. Lo Ying Sui who is also a director of this company. The 3,764 shares mentioned in Note (7) above were transferred to this company.

(9) This percentage has been compiled based on the total number of shares of the Company in issue as at 30 June 2013 of 639,249,964 shares.

2. Long positions in shares of associated corporations of the Company

(a) Champion REIT is a subsidiary of the Company, in which the Group had approximately 58.15% interests in the issued units as at 30 June 2013. Dr. Lo Ka Shui beneficially owned 1,660,000 units and had a corporate interest in 240,000 units (through a company wholly-owned by him) of Champion REIT; also, he is the settlor and member of the advisory committee and management committee of a discretionary trust, which held 6,200,000 units of Champion REIT as at 30 June 2013.

(b) LHI is a subsidiary of the Company, in which the Group had approximately 57.69% interests in the issued share stapled units as at 30 June 2013. Madam Law Wai Duen and Professor Wong Yue Chim, Richard beneficially owned 280,000 and 150,000 share stapled units respectively of LHI as at 30 June 2013. Madam Lo To Lee Kwan had a corporate interest in 306,177 share stapled units (through certain companies wholly-owned by her) of LHI as at 30 June 2013.

(c) Cinderella Media is an associated company of the Company, in which the Group had approximately 18.89% interests in the issued share capital as at 30 June 2013. Dr. Lo Ka Shui beneficially owned 150,000 shares in Cinderella Media, representing 0.045% of its issued share capital.

(d) Magic Garden Investments Limited (“MGIL”) is an associated company of the Company, in which the Group had 33.33% interests in the issued share capital as at 30 June 2013. China Xintiandi Investment Company Limited, an indirect wholly owned subsidiary of Shui On Land Limited, was interested in the remaining 66.67% interests in MGIL. Mr. Lo Hong Sui, Vincent was deemed to be interested in 57.15% of the issued share capital of Shui On Land Limited.

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executives of the Company were taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Option Schemes

In accordance with the 2009 Share Option Scheme of the Company, the Board of Directors of the Company may grant options to eligible employees, including Executive Directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The 2009 Share Option Scheme of the Company was to replace the 1999 Share Option Scheme. Upon the adoption of the 2009 Share Option Scheme on 27 May 2009, the 1999 Share Option Scheme was terminated. Options granted during the life of the 1999 Share Option Scheme and remain unexpired prior to the termination of the 1999 Share Option Scheme continue to be exercisable in accordance with their terms of issue after termination of the 1999 Share Option Scheme.

During the six months ended 30 June 2013, the details of the movements in the share options granted to the Company's employees (including Directors) under the 1999 Share Option Scheme and 2009 Share Option Scheme are as follows:

	Number of Share Options						
Date of grant	Outstanding as at 01/01/2013	Grant during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30/06/2013	Exercise period	Exercise price per share (HK$)
08/01/2009 (1)	501,000	–	(283,000)	–	218,000	09/01/2011 – 08/01/2014	9.34
04/03/2010 (2)	2,446,000	–	(1,555,500)	–	890,500	05/03/2012 – 04/03/2015	22.80
07/03/2011 (2)	2,728,000	–	(1,032,000)	(34,000)	1,662,000	08/03/2013 – 07/03/2016	26.18
08/03/2012 (2)	3,075,000	–	–	(63,000)	3,012,000	09/03/2014 – 08/03/2017	23.20
06/06/2013 (2)	–	3,353,000 (3)	–	–	3,353,000	07/06/2015 – 06/06/2018	31.45
Total	**8,750,000**	**3,353,000**	**(2,870,500)**	**(97,000)**	**9,135,500**		

Notes:

(1) Share options were granted under the 1999 Share Option Scheme.

(2) Share options were granted under the 2009 Share Option Scheme.

(3) During the six months ended 30 June 2013, 1,230,000 and 2,123,000 share options were granted to the Directors and other employees of the Group respectively.

(4) During the six months ended 30 June 2013, no share options were cancelled.

(5) Consideration paid for each grant of share options was HK$1.00.

(6) The vesting period for the share options granted is 24 months from the date of grant.

(7) The closing price of the shares of the Company immediately before the date of grant of 6 June 2013, i.e. 5 June 2013, was HK$31.40.

During the six months ended 30 June 2013, the details of the movements in the share options granted to Directors of the Company (some are also substantial shareholders) under the 1999 Share Option Scheme and 2009 Share Option Scheme as required to be disclosed according to Rule 17.07 of the Listing Rules are as follows:

		Number of Share Options						
	Date of grant	Outstanding as at 01/01/2013	Grant during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30/06/2013	Exercise price per share (HK$)	Weighted average closing price immediately before the date of exercise (HK$)
Directors								
Lo Ka Shui	04/03/2010 (2)	620,000	–	(620,000)	–	–	22.80	32.89
	07/03/2011 (2)	622,000	–	(622,000)	–	–	26.18	32.89
	08/03/2012 (2)	628,000	–	–	–	628,000	23.20	N/A
	06/06/2013 (2)	–	630,000	–	–	630,000	31.45	N/A
		1,870,000	630,000	(1,242,000)	–	1,258,000		
Lo Kai Shui	08/01/2009 (1)	125,000	–	–	–	125,000	9.34	N/A
	04/03/2010 (2)	100,000	–	–	–	100,000	22.80	N/A
	07/03/2011 (2)	100,000	–	–	–	100,000	26.18	N/A
	08/03/2012 (2)	100,000	–	–	–	100,000	23.20	N/A
	06/06/2013 (2)	–	100,000	–	–	100,000	31.45	N/A
		425,000	100,000	–	–	525,000		
Lo Hong Sui, Antony	08/01/2009 (1)	125,000	–	(125,000)	–	–	9.34	32.00
	04/03/2010 (2)	150,000	–	–	–	150,000	22.80	N/A
	07/03/2011 (2)	125,000	–	–	–	125,000	26.18	N/A
	08/03/2012 (2)	100,000	–	–	–	100,000	23.20	N/A
	06/06/2013 (2)	–	100,000	–	–	100,000	31.45	N/A
		500,000	100,000	(125,000)	–	475,000		
Law Wai Duen	04/03/2010 (2)	100,000	–	(100,000)	–	–	22.80	32.89
	07/03/2011 (2)	100,000	–	–	–	100,000	26.18	N/A
	08/03/2012 (2)	100,000	–	–	–	100,000	23.20	N/A
	06/06/2013 (2)	–	100,000	–	–	100,000	31.45	N/A
		300,000	100,000	(100,000)	–	300,000		
Kan Tak Kwong	04/03/2010 (2)	200,000	–	–	–	200,000	22.80	N/A
	07/03/2011 (2)	300,000	–	–	–	300,000	26.18	N/A
	08/03/2012 (2)	300,000	–	–	–	300,000	23.20	N/A
	06/06/2013 (2)	–	300,000	–	–	300,000	31.45	N/A
		800,000	300,000	–	–	1,100,000		
Employees (other than Directors of the Company)	08/01/2009 (1)	251,000	–	(158,000)	–	93,000	9.34	32.00
	04/03/2010 (2)	1,276,000	–	(835,500)	–	440,500	22.80	32.89
	07/03/2011 (2)	1,481,000	–	(410,000)	(34,000)	1,037,000	26.18	32.89
	08/03/2012 (2)	1,847,000	–	–	(63,000)	1,784,000	23.20	N/A
	06/06/2013 (2)	–	2,123,000	–	–	2,123,000	31.45	N/A
		4,855,000	2,123,000	(1,403,500)	(97,000)	5,477,500		

Notes:

(1) Share options were granted under the 1999 Share Option Scheme.

Share options granted on 08/01/2009 are exercisable during the period from 09/01/2011 to 08/01/2014.

(2) Share options were granted under the 2009 Share Option Scheme.

Share options granted on 04/03/2010 are exercisable during the period from 05/03/2012 to 04/03/2015.

Share options granted on 07/03/2011 are exercisable during the period from 08/03/2013 to 07/03/2016.

Share options granted on 08/03/2012 are exercisable during the period from 09/03/2014 to 08/03/2017.

Share options granted on 06/06/2013 are exercisable during the period from 07/06/2015 to 06/06/2018.

(3) During the six months ended 30 June 2013, no share options were cancelled.

(4) Consideration paid for each grant of share options was HK$1.00.

(5) The vesting period for the share options granted is 24 months from the date of grant.

(6) The closing price of the shares of the Company immediately before the date of grant of 6 June 2013, i.e. 5 June 2013, was HK$31.40.

Substantial Shareholders' Interests in Shares

As at 30 June 2013, the interests and short positions of persons (other than a Director or the chief executive of the Company) in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO as having an interest in 5% or more of the issued share capital of the Company are as follows:

Long positions in shares of the Company

Name of Shareholders	Number of shares	Percentage of issued share capital [5]
HSBC International Trustee Limited	288,003,621 [1]	45.05
Powermax Agents Limited [2]	157,027,227	24.56
Surewit Finance Limited [3]	45,344,851	7.09
Adscan Holdings Limited [4]	33,269,396	5.20

Notes:

(1) The 288,003,621 shares held by HSBC International Trustee Limited ("HITL") disclosed in the above table was based on the information contained in the latest Disclosure of Interest Form (with the date of relevant event as 31 December 2012) received from HITL. According to the latest disclosures made by the Directors of the Company, as at 30 June 2013:

  (i) 211,695,169 shares representing 33.12% of the issued share capital of the Company were held in the name of HITL as a trustee of a discretionary trust, of which Dr. Lo Ka Shui, Mr. Lo Kai Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, are among the beneficiaries.

  (ii) 76,974,153 shares representing 12.04% of the issued share capital of the Company were held in the name of HITL as a trustee of another discretionary trust, of which Dr. Lo Ka Shui is the founder.

(2) Powermax Agents Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 157,027,227 shares held by it were among the shares referred to in Note (1)(i) above.

(3) Surewit Finance Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 45,344,851 shares held by it were among the shares referred to in Note (1)(ii) above. Dr. Lo Ka Shui is the sole director of this company.

(4) Adscan Holdings Limited is a company wholly-owned by Dr. Lo Ying Sui, who is also a director of this company. On 10 July 2013, Dr. Lo Ying Sui's family interest in 3,764 shares was transferred to this company.

(5) This percentage has been compiled based on the total number of shares of the Company in issue as at 30 June 2013 of 639,249,964 shares.

Save as disclosed above, as at 30 June 2013, no person (other than Directors of the Company whose interests in shares, underlying shares and debentures of the Company are set out on pages 27 and 28) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

Deloitte.
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TO THE BOARD OF DIRECTORS OF GREAT EAGLE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Great Eagle Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 74, which comprises the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKAS 34"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
16 August 2013

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2013

	NOTES	Six Months Ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited) (restated)
Revenue	4	3,402,675	3,216,341
Cost of goods and services		(1,863,740)	(1,758,261)
Operating profit before depreciation		1,538,935	1,458,080
Depreciation		(186,475)	(171,889)
Operating profit		1,352,460	1,286,191
Fair value changes on investment properties		794,670	1,167,007
Fair value changes on derivative financial instruments		(242)	(874)
Fair value change of derivative components of convertible bonds		308,236	(13,992)
Gain on conversion of convertible bonds	21	29,302	–
Other income		29,990	28,805
Administrative and other expenses		(191,441)	(110,626)
Finance costs	6	(264,946)	(201,194)
Share of results of associates		632	11,597
Share of results of a joint venture		(9,560)	(5,138)
Profit before tax	7	2,049,101	2,161,776
Income taxes	8	(127,175)	(221,918)
Profit for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT		1,921,926	1,939,858
Profit (loss) for the period attributable to:			
Owners of the Company		1,272,332	1,329,698
Non-controlling interests		(7,282)	255
		1,265,050	1,329,953
Non-controlling unitholders of Champion REIT		656,876	609,905
		1,921,926	1,939,858
Earnings per share:	10		
Basic		HK$2.00	HK$2.11

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013

	Six Months Ended 30 June	
	2013	**2012**
	HK$'000	HK$'000
	(unaudited)	(unaudited)
		(restated)
Profit for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	**1,921,926**	1,939,858
Other comprehensive (expense) income:		
Items that may be subsequently reclassified to profit or loss:		
Fair value (loss) gain on available-for-sale investments	**(9,639)**	796
Exchange differences arising on translation of foreign operations	**(232,272)**	36,683
Share of other comprehensive income of associates	**915**	33
Share of other comprehensive income (expense) of a joint venture	**9,998**	(6,430)
Cash flow hedges:		
Fair value adjustment on cross currency swaps designated as cash flow hedge	**(12,184)**	–
Reclassification of fair value adjustments in profit or loss	**(5,375)**	–
Other comprehensive (expense) income for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**(248,557)**	31,082
Total comprehensive income for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**1,673,369**	1,970,940
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**1,031,123**	1,360,780
Non-controlling interests	**(7,282)**	255
	1,023,841	1,361,035
Non-controlling unitholders of Champion REIT	**649,528**	609,905
	1,673,369	1,970,940

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	NOTES	At 30 June 2013 HK$'000 (unaudited)	At 31 December 2012 HK$'000 (audited) (restated)
Non-current assets			
Property, plant and equipment	11	11,202,905	11,216,070
Investment properties	11	64,464,405	63,630,210
Deposit and direct cost for acquisition of investment properties	12	307,130	–
Interests in associates	13	538,660	555,556
Interest in a joint venture	14	649,148	648,710
Available-for-sale investments	15	250,396	133,711
Notes receivable	16	166,406	–
Restricted cash		125,737	122,487
		77,704,787	76,306,744
Current assets			
Inventories		109,380	93,754
Debtors, deposits and prepayments	17	501,553	551,447
Notes receivable	16	6,262	–
Tax recoverable		–	1,257
Bank balances and cash		15,286,310	4,962,339
		15,903,505	5,608,797
Current liabilities			
Creditors, deposits and accruals	18	2,500,043	2,479,684
Derivative financial instruments	19	3	–
Provision for taxation		214,170	217,159
Distribution payable		238,629	256,562
Borrowings due within one year	20	7,144,180	3,329,626
Convertible bonds	21	–	3,051,344
		10,097,025	9,334,375
Net current assets (liabilities)		5,806,480	(3,725,578)
Total assets less current liabilities		83,511,267	72,581,166

	NOTES	At 30 June 2013 HK$'000 (unaudited)	At 31 December 2012 HK$'000 (audited) (restated)
Non-current liabilities			
Derivative financial instruments	19	12,423	–
Borrowings due after one year	20	12,678,155	10,371,674
Medium term note	22	3,064,831	–
Deferred taxation		780,416	787,752
		16,535,825	11,159,426
		66,975,442	61,421,740
Equity attributable to:			
Owners of the Company			
Share capital	23	319,625	315,700
Share premium and reserves		48,555,353	42,455,304
		48,874,978	42,771,004
Non-controlling interests		(875,068)	2,859
		47,999,910	42,773,863
Net assets attributable to non-controlling unitholders of Champion REIT		18,975,532	18,647,877
		66,975,442	61,421,740

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company															
	Share capital HK$'000	Treasury shares HK$'000	Share premium HK$'000	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Exchange translation reserve HK$'000	Share option reserve HK$'000	Hedging reserve HK$'000	Other reserves HK$'000	Retained profits HK$'000	Sub-total HK$'000	Amount attributable to non-controlling unitholders of Champion REIT HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2012 (audited)	314,533	(4,583)	3,928,316	23,788	23,109	3,054	400,965	95,158	42,956	–	–	28,761,826	33,589,122	–	–	33,589,122
Prior year adjustments in respect of change in accounting policy	–	–	–	–	–	–	–	–	–	–	182,217	4,211,761	4,393,978	18,722,814	–	23,116,792
At 1 January 2012 (restated)	314,533	(4,583)	3,928,316	23,788	23,109	3,054	400,965	95,158	42,956	–	182,217	32,973,587	37,983,100	18,722,814	–	56,705,914
Profit for the period	–	–	–	–	–	–	–	–	–	–	–	1,329,698	1,329,698	609,905	255	1,939,858
Fair value gain on available-for-sale investments	–	–	–	796	–	–	–	–	–	–	–	–	796	–	–	796
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	36,683	–	–	–	–	36,683	–	–	36,683
Share of other comprehensive income of associates	–	–	–	–	–	–	–	33	–	–	–	–	33	–	–	33
Share of other comprehensive expense of a joint venture	–	–	–	–	–	–	–	(6,430)	–	–	–	–	(6,430)	–	–	(6,430)
Total comprehensive income for the period	–	–	–	796	–	–	–	30,286	–	–	–	1,329,698	1,360,780	609,905	255	1,970,940
Transaction with non-controlling unitholders of Champion REIT:																
Distribution to non-controlling unitholders of Champion REIT	–	–	–	–	–	–	–	–	–	–	–	–	–	(278,010)	–	(278,010)
	–	–	–	–	–	–	–	–	–	–	–	–	–	(278,010)	–	(278,010)
Transactions with owners:																
Dividend paid	–	–	–	–	–	–	–	–	–	–	–	(251,604)	(251,604)	–	–	(251,604)
Shares issued at premium	1,430	–	51,925	–	–	–	–	–	(1,661)	–	–	–	51,694	–	–	51,694
Share issue expenses	–	–	(13)	–	–	–	–	–	–	–	–	–	(13)	–	(2)	(15)
Shares repurchased and cancelled	(290)	4,583	(8,692)	–	–	–	–	–	–	–	–	–	(4,399)	–	–	(4,399)
Increase of interests in a subsidiary	–	–	–	–	–	–	–	–	–	–	34,365	–	34,365	(34,365)	–	–
Recognition of equity-settled share based payments	–	–	–	–	–	–	–	–	592	–	–	–	592	–	–	592
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2,025	2,025
At 30 June 2012 (unaudited) (restated)	315,673	–	3,971,536	24,584	23,109	3,054	400,965	125,444	41,887	–	216,582	34,051,681	39,174,515	19,020,344	2,278	58,197,137

	Attributable to owners of the Company															
	Share capital HK$'000	Treasury shares HK$'000	Share premium HK$'000	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Exchange translation reserve HK$'000	Share option reserve HK$'000	Hedging reserve HK$'000	Other reserves HK$'000	Retained profits HK$'000	Sub-total HK$'000	Amount attributable to non-controlling unitholders of Champion REIT HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2013 (restated)	315,700	-	3,972,206	37,763	23,109	3,054	400,965	211,435	45,795	-	1,620,463	36,140,514	42,771,004	18,647,877	2,859	61,421,740
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	1,272,332	1,272,332	656,876	(7,282)	1,921,926
Change in fair value of cash flow hedges	-	-	-	-	-	-	-	-	-	(10,211)	-	-	(10,211)	(7,348)	-	(17,559)
Fair value loss on available-for-sale investments	-	-	-	(9,639)	-	-	-	-	-	-	-	-	(9,639)	-	-	(9,639)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(232,272)	-	-	-	-	(232,272)	-	-	(232,272)
Share of other comprehensive income of associates	-	-	-	-	-	-	-	915	-	-	-	-	915	-	-	915
Share of other comprehensive income of a joint venture	-	-	-	-	-	-	-	9,998	-	-	-	-	9,998	-	-	9,998
Total comprehensive (expense) income for the period	-	-	-	(9,639)	-	-	-	(221,359)	-	(10,211)	-	1,272,332	1,031,123	649,528	(7,282)	1,673,369
Transaction with non-controlling unitholders of Champion REIT:																
Distribution to non-controlling unitholders of Champion REIT	-	-	-	-	-	-	-	-	-	-	-	-	-	(238,629)	-	(238,629)
	-	-	-	-	-	-	-	-	-	-	-	-	-	(238,629)	-	(238,629)
Transactions with owners:																
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	(272,684)	(272,684)	-	-	(272,684)
Shares issued at premium	3,925	-	241,668	-	-	-	-	-	(20,908)	-	-	-	224,685	-	-	224,685
Share issue expenses	-	-	(40)	-	-	-	-	-	-	-	-	-	(40)	-	-	(40)
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	-	6,199	-	-	-	6,199	-	-	6,199
Increase of interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	38,492	-	38,492	(130,815)	6,601	(85,722)
Recognised on disposal of interests in subsidiaries without losing control	-	-	-	-	-	-	-	-	-	-	5,076,199	-	5,076,199	47,571	(941,556)	4,182,214
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,310	64,310
At 30 June 2013 (unaudited)	319,625	-	4,213,834	28,124	23,109	3,054	400,965	(9,924)	31,086	(10,211)	6,735,154	37,140,162	48,874,978	18,975,532	(875,068)	66,975,442

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2013

	NOTE	Six Months Ended 30 June 2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited) (restated)
Cash generated from operations		1,353,929	1,299,425
Hong Kong Profits Tax paid		(85,621)	(26,047)
Other jurisdictions tax paid		(34,041)	(36,168)
Hong Kong Profits Tax refunded		1,257	11
Other jurisdictions tax refunded		–	14
Net cash from operating activities		1,235,524	1,237,235
Investing activities			
Additions of property, plant and equipment		(499,667)	(267,299)
Deposit for acquisition of investment properties	12	(215,530)	–
Additions of notes receivable		(172,713)	–
Additions of available-for-sale investments		(151,856)	(4,659)
Stamp duty paid for the acquisition of investment properties		(91,600)	–
Additions of investment properties		(38,875)	(5,989)
(Increase) decrease in restricted cash		(3,250)	653
Addition in investment cost of an associate		(321)	–
Proceeds on disposal of available-for-sale investments		25,532	–
Interest received		19,692	22,295
Dividends received from associates		18,764	23,926
Dividends received from listed available-for-sale investments		3,375	2,712
Proceeds on disposal of property, plant and equipment		6,224	–
Deposit for acquisition of a hotel property		–	(32,194)
Advance to an associate		–	(49,552)
Additions of financial assets designated at fair value through profit or loss		–	(23,468)
Proceeds on disposal of financial assets designated at fair value through profit or loss		–	24,656
Proceeds on redemption of notes receivable		–	11,749
Repayment from an associate		–	1,138
Net cash used in investing activities		(1,100,225)	(296,032)

	Six Months Ended 30 June	
	2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited) (restated)
Financing activities		
New bank loans raised	9,000,000	1,272,189
Proceeds from partial disposal of interests in subsidiaries	4,260,870	–
Contribution from non-controlling interest	64,310	2,025
Proceeds from issuance of medium term note	3,100,983	–
Issue of shares	65,090	4,900
Repayments of bank loans	(2,663,558)	(500,187)
Redemption of convertible bonds	(2,406,481)	–
Settlement upon conversion of convertible bonds	(322,940)	–
Distribution paid to non-controlling unitholders of Champion REIT	(256,753)	(285,194)
Transaction costs for partial disposal of interest in a subsidiary	(107,897)	–
Interest paid	(137,656)	(108,607)
Bank origination fees	(128,998)	(2,144)
Dividends paid to shareholders	(113,129)	(204,824)
Acquisition of additional interests in subsidiaries	(85,722)	–
Transaction costs for the issuance of medium term note	(39,230)	–
Repurchase of shares	–	(4,399)
Net cash from financing activities	10,228,889	173,759
Net increase in cash and cash equivalents	10,364,188	1,114,962
Effect of foreign exchange rate changes	(40,217)	2,964
Cash and cash equivalents at 1 January	4,962,339	3,732,041
Cash and cash equivalents at 30 June	15,286,310	4,849,967
Analysis of the balance of cash and cash equivalents:		
Bank balances and cash	15,286,310	4,849,967

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

2. Significant 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 as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about the fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 3. Other than additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the Group's condensed consolidated financial statements.

2. Significant accounting policies (continued)

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The Group has applied the new and revised to HKAS 1 for the first time in the current interim period. The amendments to HKAS 1 introduce a new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The Directors have decided to retain the use of the previous terminology in the Group's condensed consolidated financial statements. However, the amendment to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC)-Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

2. Significant accounting policies (continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures (continued)

Impact of the application of HKFRS 10 (continued)

As at 23 July 2010, the Group held 51.28% ownership interest in Champion Real Estate Investment Trust ("Champion REIT"), which is listed on The Stock Exchange of Hong Kong Limited. At that time, the Group's 51.28% ownership interest in Champion REIT gave the Group the same percentage of the voting rights in Champion REIT and the remaining 48.72% of the units of Champion REIT are owned by numerous unitholders, none individually holding more than one per cent with the exception of two unitholders who held 3.33% and 1.54% respectively. Since then the Group continued to hold increasing ownership interests in Champion REIT and as at 30 June 2013, the Group has a 58.15% ownership interest. The Directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over Champion REIT in accordance with the new definition of control and the related guidance set out in HKFRS 10. The Directors of the Company concluded that, solely for the purpose of HKFRS 10, it would have had control over Champion REIT since 23 July 2010 on the basis of the Group's absolute size of holding in Champion REIT and the relative size and dispersion of the unitholdings owned by the other unitholders. Therefore, in accordance with the requirements of HKFRS 10, Champion REIT has been a subsidiary of the Company. Previously, Champion REIT was treated as an associate of the Group and accounted for using the equity method of accounting. Comparative figures for 2012 have been restated in accordance with the relevant transitional provisions set out in HKFRS 10.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures", and the guidance contained in a related interpretation, HK(SIC)-Int 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

2. Significant accounting policies (continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures (continued)

Impact of the application of HKFRS 11 (continued)

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The Directors of the Company reviewed and assessed the classification of the Group's investment in joint arrangement in accordance with the requirements of HKFRS 11. The Directors concluded that the Group's investment in Wealth Joy Holdings Limited ("Wealth Joy"), which was classified as a jointly controlled entity under HKAS 31, should be classified as a joint venture under HKFRS 11 and accounted for using the equity method. The Group's investment in Wealth Joy has been applied in accordance with the relevant transitional provisions set out in HKFRS 11.

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

2. Significant accounting policies (continued)

Summary of the effect of the above changes in accounting policy

The effect of the changes in the Group's accounting policy described above on the results for the current and preceding interim periods by line items presented in the condensed consolidated income statement and condensed consolidated statement of comprehensive income is as follows:

Impact on profit for the interim period:

	Six months ended 30 June	
	2013 HK$'000 (unaudited)	**2012** HK$'000 (unaudited)
Increase in revenue	902,282	862,160
Increase in costs of goods and services	(148,682)	(133,471)
Increase in fair value changes on investment properties	698,166	938,451
Increase (decrease) in fair value of derivative components of convertible bonds	308,236	(56,689)
Increase in gain on settlement of convertible bonds	29,302	–
Increase (decrease) in other income	10,456	(79,173)
Increase in administrative expenses and others	(7,777)	(5,350)
Increase in finance costs	(192,703)	(150,378)
Decrease in share of results of associates	(912,720)	(656,772)
Increase in income taxes	(29,684)	(108,873)
Profit for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	656,876	609,905
Profit for the period attributable to:		
Owners of the Company	–	–
Non-controlling interests	–	–
	–	–
Non-controlling unitholders of Champion REIT	656,876	609,905
	656,876	609,905

2. Significant accounting policies (continued)

Summary of the effect of the above changes in accounting policy (continued)

Impact on other comprehensive expense for the interim period:

Increase in cash flow hedges	(7,348)	–
Other comprehensive expense for the period attributable to:		
Owners of the Company	–	–
Non-controlling interests	–	–
	–	–
Non-controlling unitholders of Champion REIT	(7,348)	–
	(7,348)	–
	649,528	609,905

The effect of the change in accounting policy described above on the assets and liabilities of the Group as at the end of the immediately preceding financial year 31 December 2012 is as follows:

	As at 31 December 2012 (originally stated) HK$'000	Adjustments HK$'000	**As at 31 December 2012** (restated) HK$'000
Investment properties	5,333,210	58,297,000	63,630,210
Interests in associates	20,679,926	(20,124,370)	555,556
Debtors, deposits and prepayments	490,956	60,491	551,447
Tax recoverable	–	1,257	1,257
Bank balances and cash	3,565,257	1,397,082	4,962,339
Creditors, deposits and accruals	(1,021,938)	(1,457,746)	(2,479,684)
Provision for taxation	(96,331)	(120,828)	(217,159)
Distribution payable	–	(256,562)	(256,562)
Borrowings	(3,776,462)	(9,924,838)	(13,701,300)
Convertible bonds	–	(3,051,344)	(3,051,344)
Deferred taxation	(447,711)	(340,041)	(787,752)
Net assets attributable to non-controlling unitholders of Champion REIT	–	(18,647,877)	(18,647,877)
		5,832,224	

3. Fair value measurements of financial instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) to active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than those quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at			
Financial assets	**30 June 2013 HK$'000**	**31 December 2012** HK$'000	Fair value hierarchy	Valuation technique and key inputs
Listed equity securities classified as available-for-sale investments in the condensed consolidated statement of financial position.	**148,070**	79,175	Level 1	Quoted market bid prices in an active market.
Listed debt securities classified as available-for-sale investments in the condensed consolidated statement of financial position.	**73,322**	–	Level 1	Quoted market bid prices in an active market.

3. Fair value measurements of financial instruments (continued)

Financial liabilities	Fair value as at 30 June 2013 HK$'000	Fair value as at 31 December 2012 HK$'000	Fair value hierarchy	Valuation technique and key inputs
Cross currency swaps classified as derivative financial instruments in the condensed consolidated statement of financial position.	12,184	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange and interest rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Foreign currency derivative contracts classified as derivative financial instruments in the condensed consolidated statement of financial position.	242	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Level 1 and 2 during the period.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate their fair values.

4. 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, property agency commission and income from fitness centre and restaurant operations.

	Six months ended 30 June	
	2013 HK$'000 (unaudited)	**2012** HK$'000 (unaudited) (restated)
Property rental income	1,093,025	1,048,090
Building management service income	106,130	96,875
Hotel income	2,029,477	1,905,558
Sales of goods	81,964	72,387
Dividend income	3,375	2,712
Others	88,704	90,719
	3,402,675	3,216,341

5. 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 ("CODM") (i.e. the chairman and managing director of the Group) in order to allocate resources to segments and to assess their performance. Performance assessment is more specifically focused on the segment results of each listed group, including Great Eagle Holdings Limited, Champion REIT and Langham Hospitality Investments ("Langham"). During the period, the Group has completed a separate spin-off of three Hong Kong hotel properties, resulting in the listed company, Langham and therefore its segment information is separately disclosed in the current period. Additionally, the results of the Group, with the exclusion of results of Champion REIT and Langham, are reported in more detailed reportable segments. As such, comparative information for segment reporting has been restated. The Group's operating and reportable segments under HKFRS 8 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.
Other operations	–	sales of building materials, restaurant operation, fitness centre operation, investment in securities, provision of property management, maintenance and property agency services.
Results from Champion REIT	–	based on published financial information of Champion REIT.
Results from Langham	–	based on published financial information of Langham.

Segment results of Champion REIT represent the published net property income less manager's fee. Segment results of Langham represent revenue less property related expense and services fees. Segment results of other operating segments 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 joint venture, depreciation, fair value changes on investment properties and derivative financial instruments, gain on conversion of convertible bond, other income, finance costs and income taxes. This is the measurement basis reported to the CODM for the purposes of resource allocation and performance assessment.

5. Segment information (continued)

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

Segment revenue and results

Six months ended 30 June 2013

	Property investment HK$'000 (unaudited)	Hotel operation HK$'000 (unaudited)	Other operations HK$'000 (unaudited)	Sub-total HK$'000 (unaudited)	Champion REIT HK$'000 (unaudited)	Langham HK$'000 (unaudited)	Eliminations HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
REVENUE								
External revenue	155,466	2,029,477	174,044	2,358,987	1,043,266	422	–	3,402,675
Inter-segment revenue	–	6,875	140,986	147,861	15,396	55,401	(218,658)	–
Total	155,466	2,036,352	315,030	2,506,848	1,058,662	55,823	(218,658)	3,402,675

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

	Property investment HK$'000 (unaudited)	Hotel operation HK$'000 (unaudited)	Other operations HK$'000 (unaudited)	Sub-total HK$'000 (unaudited)	Champion REIT HK$'000 (unaudited)	Langham HK$'000 (unaudited)	Eliminations HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
RESULTS								
Segment results	92,422	442,886	203,805	739,113	755,478	46,223	(1,879)	1,538,935
Depreciation				(172,819)	–	(13,656)		(186,475)
Operating profit after depreciation				566,294	755,478	32,567	(1,879)	1,352,460
Fair value changes on investment properties				96,504	698,166	–		794,670
Fair value changes on derivative financial instruments				(242)	308,236	–		307,994
Gain on conversion of convertible bonds				–	29,302	–		29,302
Other income				2,864	–	–		2,864
Administrative and other expenses				(147,794)	(9,656)	(35,870)	1,879	(191,441)
Net finance costs				(44,369)	(182,247)	(11,204)		(237,820)
Share of results of associates				632	–	–		632
Share of results of a joint venture				(9,560)	–	–		(9,560)
Profit (loss) before tax				464,329	1,599,279	(14,507)		2,049,101
Income taxes				(93,288)	(29,684)	(4,203)		(127,175)
Profit (loss) for the period				371,041	1,569,595	(18,710)		1,921,926
Less: Profit (loss) attributable to non-controlling interests/ non-controlling unitholders of Champion REIT				(634)	(656,876)	7,916		(649,594)
Profit attributable to owners of the Company				370,407	912,719	(10,794)		1,272,332

5. Segment information (continued)

Segment revenue and results (continued)

Six months ended 30 June 2012

	Property investment HK$'000 (unaudited) (restated)	Hotel operation HK$'000 (unaudited) (restated)	Other operations HK$'000 (unaudited) (restated)	Sub-total HK$'000 (unaudited) (restated)	Champion REIT HK$'000 (unaudited) (restated)	Eliminations HK$'000 (unaudited) (restated)	Consolidated HK$'000 (unaudited) (restated)
REVENUE							
External revenue	148,841	1,905,558	165,818	2,220,217	996,124	–	3,216,341
Inter-segment revenue	–	–	133,964	133,964	14,659	(148,623)	–
Total	148,841	1,905,558	299,782	2,354,181	1,010,783	(148,623)	3,216,341

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

	Property investment	Hotel operation	Other operations	Sub-total	Champion REIT	Eliminations	Consolidated
RESULTS							
Segment results	98,010	442,172	189,209	729,391	730,549	(1,860)	1,458,080
Depreciation				(171,889)	–		(171,889)
Operating profit after depreciation				557,502	730,549	(1,860)	1,286,191
Fair value changes on investment properties				228,556	938,451		1,167,007
Fair value changes on derivative financial instruments				41,823	(56,689)		(14,866)
Other income				5,331	–		5,331
Administrative and other expenses				(105,276)	(7,210)	1,860	(110,626)
Net finance costs				51,831	(229,551)		(177,720)
Share of results of associates				11,597	–		11,597
Share of results of a joint venture				(5,138)	–		(5,138)
Profit before tax				786,226	1,375,550		2,161,776
Income taxes				(113,045)	(108,873)		(221,918)
Profit for the period				673,181	1,266,677		1,939,858
Less: Profit attributable to non-controlling interests/non-controlling unitholders of Champion REIT				(255)	(609,905)		(610,160)
Profit attributable to owners of the Company				672,926	656,772		1,329,698

No segment revenue and results for Langham is presented as it was listed on 30 May 2013.

5. Segment information (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

30 June 2013

	Assets HK$'000 (unaudited)	Liabilities HK$'000 (unaudited)	Net Assets HK$'000 (unaudited)
Property investment (note 1)	5,718,026	2,217,855	3,500,171
Hotel operation (note 1)	8,016,911	2,201,336	5,815,575
Other operations (note 1)	715,909	178,703	537,206
Unallocated	13,924,116	314,291	13,609,825
Great Eagle operations (note 2)	28,374,962	4,912,185	23,462,777
Champion REIT (note 3)	35,312,946	8,615,134	26,697,812
Langham (note 3)	9,991,621	4,002,372	5,989,249

31 December 2012

	Assets HK$'000 (audited) (restated)	Liabilities HK$'000 (audited) (restated)	Net Assets HK$'000 (audited) (restated)
Property investment (note 1)	5,540,951	2,211,940	3,329,011
Hotel operation (note 1)	12,120,390	2,843,667	9,276,723
Other operations (note 1)	576,710	166,173	410,537
Unallocated	3,921,659	123,520	3,798,139
Great Eagle operations (note 2)	22,159,710	5,345,300	16,814,410
Champion REIT (note 3)	34,653,272	8,696,678	25,956,594

Notes:

1. The segment assets include primarily investment properties, property, plant and equipment, equity securities classified as available-for-sale, inventories and debtors, deposit and prepayment attributable to respective operating segments. The segment liabilities include primarily creditors, deposits and accruals, provision for taxation and deferred taxation attributable to respective operating segments.

2. In addition to the major items discussed in note 1, included in the assets and liabilities are bank balances and cash of HK$13,413,917,000 (31 December 2012: HK$3,565,257,000) and borrowings of HK$3,479,258,000 (31 December 2012: HK$3,794,515,000), representing net cash of HK$9,934,659,000 as at 30 June 2013 (31 December 2012: net debts of HK$229,258,000).

3. Assets and liabilities of Champion REIT and Langham are based on published financial information of Champion REIT and Langham, excluding distribution payable attributable from Champion REIT of HK$331,571,000 (31 December 2012: HK$352,271,000), at the respective interests held by Great Eagle Holdings Limited, being 58.15% and 57.69%, respectively (31 December 2012: 57.86%). Additionally, the assets of Langham include the hotel properties' appraised value as of 30 June 2013. No segement assets and liabilities for Langham was presented as at 31 December 2012 as it was listed on 30 May 2013.

6. Finance costs

	Six months ended 30 June	
	2013 HK$'000 (unaudited)	**2012** HK$'000 (unaudited) (restated)
Interest on bank borrowings wholly repayable within five years	99,950	83,671
Interest on other loans wholly repayable within five years	17,326	16,531
Interest on convertible bonds wholly repayable within five years	69,969	81,562
Interest on medium term note not wholly repayable within five years	52,618	–
Other borrowing costs	25,083	19,430
	264,946	201,194

7. Profit before tax

	Six months ended 30 June	
	2013 HK$'000 (unaudited)	**2012** HK$'000 (unaudited) (restated)
Profit before tax has been arrived at after charging (crediting):		
Staff costs (including directors' emoluments)	852,844	840,143
Share based payments (including directors' emoluments)	6,199	592
	859,043	840,735
Depreciation	186,475	171,889
Reversal of allowance for doubtful debts, net	(1,449)	(229)
Share of tax of associates (included in the share of results of associates)	3,902	2,506
Dividend income from listed investments	(3,375)	(2,712)
Interest income	(27,126)	(23,474)
Gain on disposal of property, plant and equipment	(75)	–
Net exchange loss (gain)	17,585	(4,271)
Listing expenses in relation to the spin-off of Langham (note)	45,521	–

Note: The amount represents the portion of listing expenses recognised in the profit or loss of which HK$34,695,000 was borne by Langham.

8. Income taxes

	Six months ended 30 June	
	2013 HK$'000 (unaudited)	**2012** HK$'000 (unaudited) (restated)
Current tax:		
Current period:		
Hong Kong Profits Tax	92,015	114,624
Other jurisdictions	11,771	5,882
	103,786	120,506
Under(over)provision in prior periods:		
Hong Kong Profits Tax	9,694	(1,630)
Other jurisdictions	4,159	(1,650)
	13,853	(3,280)
	117,639	117,226
Deferred tax:		
Current period	1,394	92,496
Underprovision in prior periods	8,142	12,196
	9,536	104,692
	127,175	221,918

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.

9. Dividends

	Six months ended 30 June	
	2013 HK$'000 (unaudited)	**2012** HK$'000 (unaudited)
Dividends paid:		
Final dividend of HK43 cents in respect of the financial year ended 31 December 2012 (2012: HK40 cents in respect of the financial year ended 31 December 2011) per ordinary share	272,684	251,604
Dividends declared:		
Interim dividend of HK23 cents in respect of the six months ended 30 June 2013 (2012: HK23 cents in respect of the six months ended 30 June 2012) per ordinary share	147,027	145,210
Special interim dividend of HK$1 in respect of the six months ended 30 June 2013 (2012: nil) per ordinary share	639,250	–
	786,277	145,210

On 21 June 2013, a final dividend of HK43 cents (2012: final dividend of HK40 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 2012. The scrip dividend alternatives were accepted by the shareholders as follows:

	Six months ended 30 June	
	2013 HK$'000 (unaudited)	**2012** HK$'000 (unaudited)
Dividends		
Cash	113,129	204,824
Share alternative	159,555	46,780
	272,684	251,604

The Directors have determined that an interim dividend of HK23 cents (2012: HK23 cents) and a special interim dividend of HK$1 (2012: nil) per ordinary share will be paid to the shareholders of the Company whose names appear in the Register of Members on 7 October 2013.

10. Earnings per share

	Six months ended 30 June	
	2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Earnings per share:		
Basic	HK$2.00	HK$2.11
Diluted	HK$1.62	HK$2.11

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	
	2013 HK$'000 (unaudited)	2012 HK$'000 (unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	1,272,332	1,329,698
Adjustment to earnings on assumed conversion of convertible bonds in Champion REIT (note)	(235,262)	–
Earnings for the purpose of diluted earnings per share	1,037,070	1,329,698

	Six months ended 30 June	
	2013	2012
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	637,501,052	631,007,418
Effect of dilutive potential shares:		
Share options	1,664,932	513,696
Weighted average number of shares for the purpose of diluted earnings per share	639,165,984	631,521,114

10. Earnings per share (continued)

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

Note:

The holders of the convertible bonds in Champion REIT were entitled to convert their bonds into units of Champion REIT. For accounting purpose, the adjustment has taken into account (i) the aggregate effect of interest on convertible bonds, change in fair value of derivative components of convertible bonds, and gain on conversion of convertible bonds attributable to owners of the Company and (ii) the decrease in earnings attributable to the owners of the Company due to decrease in the Group's unitholding in Champion REIT as a result of the assumed conversion of the convertible bonds at the beginning of the period. The aforesaid assumed conversion did not actually take place and the relevant convertible bonds in Champion REIT were fully redeemed in June 2013.

11. Movements in property, plant and equipment and investment properties

During the current interim period, the Group had additions in relation to structural improvement work on hotel properties of HK$343,000 (six months ended 30 June 2012: nil) and hotel buildings under development of HK$337,762,000 (six months ended 30 June 2012: HK$179,950,000). The additions of other property, plant and equipment were HK$157,379,000 (six months ended 30 June 2012: HK$92,156,000). During the current interim period, the Group had disposals of other property, plant and equipment with carrying amount of HK$6,149,000 (six months ended 30 June 2012: nil).

At 30 June 2013 and 2012, the Directors conducted an impairment assessment on hotel properties, no reversal or additional impairment loss was recognised for the six months ended 30 June 2013 and 2012.

During the current interim period, the Group had additions to improvement work on investment properties at a cost of HK$38,785,000 (six months ended 30 June 2012 (restated): HK$5,418,000).

The fair value of the Group's investment properties of HK$64,464,405,000 as at 30 June 2013 (31 December 2012 (restated): HK$63,630,210,000) has been arrived at on a basis of valuation carried out by independent professional property valuers not connected with the Group:

Investment properties in Hong Kong – Knight Frank Petty Limited and Savills Valuation and Professional Services Limited.

Investment properties in the United States of America – Cushman & Wakefield Western, Inc.

The valuations for investment properties were arrived at by using income capitalisation method which is determined based on the future cash flow of market rentals at market yield expected by property investors and applicable discount rates. The market rentals are also assessed by reference to the rentals achieved in other similar properties in the neighbourhood. Additionally, in estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

12. Deposit and direct cost for acquisition of investment properties

Deposit and direct cost for acquisition of investment properties for the six months ended 30 June 2013 represent the deposit of HK$215,530,200 in respect of the acquisition of a portion of the third floor and the whole of the fourth, fifth and sixth floors of Citibank Tower (the "Acquisition"), being 10% of the consideration of HK$2,155,302,000, and the partial payment of the stamp duty of HK$91,600,000 for the Acquisition (see note 28).

13. Interests in associates

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited) (restated)
Cost of investment in associates:		
Unlisted associates in Hong Kong	333	12
Unlisted associate in the People's Republic of China (the "PRC") (note a)	189,198	189,198
Listed associate in Hong Kong	2,596	2,596
	192,127	191,806
Share of post-acquisition profit and other comprehensive income, net of dividend received	66,381	83,598
Amounts due from associates (note b)	280,152	280,152
	538,660	555,556
Fair value of listed associate, based on market share price	135,771	140,777

Notes:

(a) The Group acquired one-third of the entire issued share capital of Magic Garden Investments Limited ("MGIL") from Shui On Investment Company Limited, a related company in which a director of the Company who is also a close family member of the chairman and managing director of the Group has controlling interest, for a consideration of US$24,118,000 (equivalent to HK$188,120,000) in August 2010. MGIL indirectly holds a hotel property in the Luwan District, Shanghai, and the Group provides hotel management and related services to MGIL (see note 27).

(b) During the six months ended 30 June 2012, the Group had further injected HK$49,552,000 to MGIL for funding the outstanding construction costs payable and bank loan obligations. The amounts were unsecured, interest-free and have no fixed terms of repayment. The associates are not expected to repay within twelve months from the end of the reporting period and the balances are classified as non-current.

13. Interests in associates (continued)

In determining whether there exists any objective evidence of impairment of the Group's interests in associates, the Directors consider any loss events at the end of the reporting period which may have an impact on the estimated future cash flows of its associates. The Directors assessed that no objective evidence of impairment was identified. Accordingly, no impairment loss is recognised.

At the end of the reporting period, fair values of listed associates are determined on the number of shares held by the Group and by reference to the closing prices in an active market.

14. Interest in a joint venture

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Cost of investment in a joint venture	632,612	632,612
Share of post-acquisition results and other comprehensive income	16,536	16,098
	649,148	648,710

Pursuant to a subscription and shareholders' agreement signed between an indirect wholly owned subsidiary of the Company and an independent third party investor (the "Investor") in February 2010, the financial and operating policies of Wealth Joy that significantly affect the return of Wealth Joy, require unanimous consent from the Group and the Investor, accordingly Wealth Joy is accounted for as a joint arrangement. As the joint arrangement does not result in either parties having rights to assets and obligations to liabilities of Wealth Joy, the Group has accounted for Wealth Joy as a joint venture.

Wealth Joy and its subsidiaries are principally engaged in developing a parcel of land in Donggang area, Renmin Road East, which is the commercial and financial centre of Dalian, the PRC.

15. Available-for-sale investments

Available-for-sale investments comprise:

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Listed equity securities in Hong Kong	148,070	79,175
Listed debt securities outside Hong Kong	73,322	–
Unlisted equity securities in Hong Kong	246	24,440
Unlisted equity securities outside Hong Kong	28,758	30,096
	250,396	133,711
Market value of listed securities	221,392	79,175

At the end of the reporting period, all the listed securities are stated at fair values which have been determined by reference to closing prices quoted in the active markets.

Unlisted investments represent unlisted equity investments and club debentures. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so widespread that the Directors are of the opinion that their fair values cannot be measured reliably.

16. Notes receivable

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Unsecured bonds	153,722	–
Medium term notes	18,946	–
	172,668	–
Less: Amounts due within one year shown under current assets	(6,262)	–
Amounts due after one year	166,406	–

16. Notes receivable (continued)

The unsecured bonds issued by reputable financial institutions are detailed as follows:

(i) carrying amount of HK$29,528,000 is denominated in United States dollars with nominal values ranging from USD1,000,000 to USD2,000,000, bears interest at fixed interest rates ranging from 2.66% to 3.30% per annum and has maturity dates ranging from January 2018 to April 2018; and

(ii) carrying amount of HK$124,194,000 is denominated in Renminbi with nominal values ranging from RMB2,000,000 to RMB10,000,000, bears interests at either variable interest rate of 3 month's HIBOR less 0.6% or fixed interest rates ranging from 2.25% to 8.50% per annum and has maturity dates ranging from June 2014 to June 2016.

The medium term notes issued by reputable financial institutions are denominated in Renminbi with an aggregate nominal value of RMB15,000,000. The medium term notes bear interest at 3.25% per annum and will mature in June 2015.

17. Debtors, deposits and prepayments

	30 June 2013 HK$'000 (unaudited)	**31 December 2012** HK$'000 (audited) (restated)
Trade debtors, net of allowance for doubtful debts	255,790	287,632
Deposits and prepayments	117,274	125,842
Deferred rent receivables	113,012	125,574
Other receivables	15,477	12,399
	501,553	551,447

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.

17. Debtors, deposits and prepayments (continued)

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

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited) (restated)
0-3 months	199,208	200,475
3-6 months	11,463	21,530
Over 6 months	45,119	65,627
	255,790	287,632

18. Creditors, deposits and accruals

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited) (restated)
Trade creditors	157,304	204,366
Deposits received	678,621	638,435
Construction fee payable and retention money payable	3,895	8,164
Accruals, interest payable and other payables	1,660,223	1,628,719
	2,500,043	2,479,684

Included in accruals is accrual of stamp duty of HK$963,475,000 (31 December 2012 (restated): HK$963,475,000) which is based on the current applicable stamp duty rate of 4.25% (31 December 2012: 4.25%) and the stated consideration of HK$22,670,000,000 in the property sale and purchase agreements for the legal assignment of the investment properties which Champion REIT acquired the property interests in Citibank Plaza upon listing.

18. Creditors, deposits and accruals (continued)

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

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited) (restated)
0-3 months	144,466	192,222
3-6 months	3,133	1,646
Over 6 months	9,705	10,498
	157,304	204,366

19. Derivative financial instruments

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited)
Cash flow hedge – cross currency swaps	12,184	–
Foreign currency derivative contracts	242	–
	12,426	–
Less: Amount due within one year shown under current liabilities	(3)	–
Amounts due after one year	12,423	–

The Group during the period used foreign currency derivative contracts to manage its exposure to foreign exchange rate movements on its operations in Hong Kong. The Group is required to sell or buy Euro against Hong Kong dollars at contracted rates under these derivative contracts. At 30 June 2013, the unexpired notional amount of these outstanding derivatives contracts amounted to Euro 3,576,000 (equivalent to HK$36,202,000). The derivative contracts will be fully expired by 2014.

In addition, the Group uses cross currency swaps to minimise the exposure to fluctuations in foreign currency and interest rate of the medium term note as described in note 22, which is denominated in United States dollars, in respect of the principal and fixed rate interest payments.

The fair values of foreign currency derivative contracts and cross currency swaps at the end of the reporting periods are provided by counterparty banks.

20. Borrowings

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited) (restated)
Bank loans and revolving loans (secured)	18,989,568	12,751,958
Other non-current loans (secured)	989,690	996,557
	19,979,258	13,748,515
Loan front-end fee	(156,923)	(47,215)
	19,822,335	13,701,300
The maturity of the above loans based on scheduled repayment terms is as follows:		
Within one year	7,144,180	3,329,626
More than one year but not exceeding two years	136,575	7,014,119
More than two years but not exceeding five years	12,541,580	3,357,555
	19,822,335	13,701,300
Less: Amounts due within one year shown under current liabilities	(7,144,180)	(3,329,626)
Amounts due after one year	12,678,155	10,371,674

The ranges of effective interest rates (which approximate to contracted interest rates) on the Group's borrowings are as follows:

	30 June 2013 (unaudited)	31 December 2012 (audited) (restated)
Effective interest rate:		
Fixed-rate borrowings	3.84%-6.09%	3.84%-6.09%
Variable-rate borrowings	0.88%-5.04%	0.78%-5.92%

At the end of the reporting period, included in the Group's borrowings are fixed-rate borrowings with carrying amount of HK$494,607,000 (31 December 2012: HK$494,299,000), the remaining balances were variable-rate borrowings.

21. Convertible bonds

On 3 June 2008, the Group, through a subsidiary Fair Vantage Limited ("Bonds Issuer"), issued HK$4,680,000,000 1% guaranteed convertible bonds due June 2013 ("Bonds").

The principal terms of the Bonds include the following:

Conversion

The holders of the Bonds are entitled to convert their bonds into units of Champion REIT at any time on and after 3 June 2009 up to the date which is seven days prior to 3 June 2013 at a conversion price adjusted to HK$3.34 per unit which came into effect since 21 May 2013 as a result of Excess Distribution (as defined in terms and conditions of the Bonds) adjustment.

If the holder has elected to convert the Bonds, the Bonds Issuer will be required to deliver, in respect of each bond converted; (a) an amount of cash, as elected by the Bonds Issuer; and/or (b) units, as calculated in accordance to the terms and conditions of the Bonds.

Redemption

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed at 123.94% of their outstanding principal amount on 3 June 2013 (the "Bonds Maturity Date").

The Bonds Issuer may redeem the convertible bonds, in whole and not in part, on or at any time after 3 June 2011 but not less than seven business days prior to the Bonds Maturity Date, if the closing price of the units of Champion REIT on each of the 20 consecutive trading days immediately prior to the date upon which notice of such redemption is given was at least 130% of the applicable Early Redemption Amount (as defined below) for each Bonds divided by the then effective Conversion Ratio (as defined below).

The "Early Redemption Amount" is the principal amount of the convertible bonds plus a gross yield of 5.25% per annum, calculated on a semi-annual basis, from 3 June 2008, the closing date of the convertible bond issue, to the Bonds Maturity Date.

The "Conversion Ratio" is the principal amount of the convertible bonds divided by the then effective conversion price.

21. Convertible bonds (continued)

In August 2012, the Bonds Issuer invited the bondholders of the Bonds to convert their bonds and to receive an incentive payment of HK$2,215 for each HK$10,000 in principal amount of the Bonds so converted. Pursuant to the invitation made, the bondholders converted HK$2,340,400,000 aggregate principal amount of the Bonds ("Converted Bonds"). The applications received were inclusive of an aggregate principal amount held by a subsidiary of the Company, Bright Form Investments Limited ("Bright Form"), of HK$2,340,000,000. Accordingly, pursuant to the exchange offer an aggregate amount of HK$518,399,000 was paid as incentive payment and 680,348,837 units of Champion REIT were issued. The conversion of the convertible bonds by Bright Form and other bondholders has resulted in an increase in the Group's ownership interest in Champion REIT to 57.7%, which has been accounted for as an equity transaction during the year ended 31 December 2012.

As at 31 December 2012, the principal amount of the Bonds was HK$2,264,590,000.

During the six months period ended 30 June 2013, an aggregate principal amount of HK$322,940,000 of the Bonds were converted. The Bonds Issuer settled the conversions by (a) cash payment of HK$322,940,000 and (b) the issuance of 12,395,029 units of Champion REIT and resulted in a gain of HK$29,302,000 which was recognised in the profit or loss. Upon the conversion during the period, the Group's ownership interest in Champion REIT decreased from 57.97% to 57.85%. On the Bonds Maturity Date, the Bonds Issuer redeemed the then outstanding principal of HK$1,941,650,000 at the redemption price of 123.94% by an aggregate amount of HK$2,406,481,000. After the redemption, certain investment properties together with the assignment of insurance proceeds which have been granted and mortgaged in favour of the bondholders were released and discharged.

The Bonds contain liability components stated at amortised cost and derivative components stated at fair value. The effective interest rate of the liability component is 6.375% per annum.

As at 31 December 2012, the fair values of the derivative components (including conversion options and early redemption options) are based on valuation provided to the Group by an independent valuer. The fair values are determined based on the Binomial model using the assumptions that are supported by observable market data as follows:

	At 31 December 2012
Unit price	HK$3.71
Risk-free rate of interest	0.05%
Dividend yield	5.53%
Historical volatility (with similar time to maturity)	42%

21. Convertible bonds (continued)

The movement of the liability and derivative components of the convertible bonds for the period is set out as below:

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited) (restated)
Liability component		
At the beginning of the period/year	2,742,781	5,282,045
Interest charged	71,136	272,705
Interest paid	(7,950)	(32,527)
Conversion during the period/year	(399,486)	(2,779,442)
Redemption during the period/year	(2,406,481)	–
At the end of the period/year	–	2,742,781
Derivative components		
At the beginning of the period/year	308,563	350,677
Change in fair value	(308,236)	192,663
Conversion during the period/year	(327)	(234,777)
At the end of the period/year	–	308,563
Total convertible bonds	–	3,051,344

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited) (restated)
The maturity of the above convertible bonds is as follows:		
Within one year	–	3,051,344

22. Medium term note

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited) (restated)
Medium term note	3,102,600	–
Origination fee	(37,769)	–
	3,064,831	–

On 6 December 2012, the Group established a US$1 billion guaranteed medium term note programme, under which unsecured notes may be issued from time to time in various currencies and amounts with fixed or floating rates to be set upon issuance of notes and will be guaranteed by the HSBC Institutional Trust Services (Asia) Limited, trustee of Champion REIT. During the period, US$400,000,000 (equivalent to approximately HK$3,100,983,000) was issued. The issued medium term note bears interest at a fixed rate of 3.75% per annum and is repayable in full on 17 January 2023. The foreign currency denominated principal and interest payments are hedged by the use of cross currency swaps.

23. Share capital

	30 June 2013 (unaudited)		31 December 2012 (audited)	
	Number of shares '000	Nominal value HK$'000	Number of shares '000	Nominal value HK$'000
Authorised:				
Shares of HK$0.50 each				
Balance brought forward and carried forward	800,000	400,000	800,000	400,000
Issued and fully paid:				
Shares of HK$0.50 each				
Balance brought forward	631,399	315,700	629,067	314,533
Issued upon exercise of share options under the share option scheme	2,871	1,435	578	289
Issued as scrip dividends	4,980	2,490	2,334	1,168
Repurchases and cancellation of shares	–	–	(580)	(290)
Balance carried forward	639,250	319,625	631,399	315,700

23. Share capital (continued)

During the six months ended 30 June 2013, 4,979,854 (31 December 2012: 2,334,338) shares of HK$0.50 each in the Company were issued at HK$32.04 (31 December 2012: HK$20.04) per share as scrip dividends.

During the six months ended 30 June 2012, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	Number of shares repurchased	Price per share Highest	Price per share Lowest	Aggregate consideration paid before expenses
		HK$	HK$	HK$'000
January 2012	277,000	16.68	15.54	4,381

277,000 shares repurchased in January 2012 were cancelled and the issued share capital of the Company was reduced by the par value of such shares. The premium paid on repurchase of such shares was charged against the share premium account.

24. Major non-cash transactions

During the six months ended 30 June 2013, 4,979,854 (30 June 2012: 2,334,338) shares of HK$0.50 each in the Company were issued at HK$32.04 (30 June 2012: HK$20.04) per share as scrip dividends.

25. Share-based payments

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the period are as follows:

	Number of share options (unaudited)
Outstanding at 1 January 2013	8,750,000
Granted during the period	3,353,000
Exercised during the period	(2,870,500)
Lapsed during the period	(97,000)
Outstanding at 30 June 2013	9,135,500

The weighted average closing price of the Company's shares immediately before the date on which the options were exercised was HK$32 and HK$32.89 under the 1999 Share Option Scheme and 2009 Share Option Scheme, respectively, for the six months ended 30 June 2013.

25. Share-based payments (continued)

During the period, 3,353,000 share options were granted on 6 June 2013. The closing price of the Company's shares immediately before 6 June 2013, the date of grant, was HK$31.4. The fair value of the options determined at the date of grant using the Black-Scholes option pricing model was HK$6.98. The exercise price of the options was HK$31.45. The options were exercisable for 36 months on the expiry of 24-month vesting period after the date of grant.

26. Commitments and contingent liabilities

As at 30 June 2013, the Group had authorised capital expenditure of HK$2,324,363,000 (31 December 2012 (restated): HK$527,447,000) of which capital commitment contracted for but not provided in the condensed consolidated financial statements are as follows:

(a) HK$248,123,000 (31 December 2012 (restated): HK$454,405,000) for the acquisition and addition of investment properties and property, plant and equipment; and

(b) HK$1,939,772,000, being the balance of the consideration of HK$2,155,302,000, and stamp duty of HK$91,600,000 in respect of the Acquisition.

At 30 June 2013, the Group has outstanding financial commitment in respect of capital injection to a joint venture of RMB25,500,000 (equivalent to HK$32,000,000) (31 December 2012: HK$32,500,000).

The Group signed a sale and purchase agreement in October 2012 for the acquisition of a hotel property in New York at a consideration of approximately US$229 million. Completion of the acquisition is subject to certain conditions precedent which have not yet been fulfilled at the reporting date. A sum of US$15 million has been held in escrow pending completion.

Other than as disclosed above, the Group did not have any significant commitments and contingent liabilities at the end of the reporting period.

27. Connected and related party disclosures

The Group had the following significant related party balances and transactions during the period. The transactions were carried out in the normal course of the Group's business on terms mutually agreed between the parties. Dr. Lo Ka Shui is the chairman (the "Chairman") and managing director of the Company. Transactions with the Group were disclosed as related party transactions.

Related companies are companies in which Mr. Lo Hong Sui, Vincent or Mr. Lo Kai Shui, both being Directors of the Company who are also close family members of the Chairman, has controlling interests. Mr. Lo Hong Sui, Vincent, Mr. Lo Kai Shui, Dr. Lo Ka Shui and other family members are among the beneficiaries under a family trust holding 33.12% interest in the Company, which is a substantial shareholder of the Company.

Transactions with related companies (other than Wealth Joy) are also connected transactions as defined in the chapter 14A of the Listing Rules.

27. Connected and related party disclosures (continued)

	Six months ended 30 June	
	2013 **HK$'000** **(unaudited)**	**2012** HK$'000 (unaudited) (restated)
Transactions with a related party for the period		
Dr. Lo Ka Shui		
Management fee received	**450**	450
Transactions with related companies for the period		
Sun Fook Kong Holdings Ltd and its subsidiaries		
Rental income	**2,806**	2,196
Building management fee income	**484**	444
Trading income	**307**	86
Carpark income	**60**	48
Consultancy service income	**300**	300
Cleaning service charge	**6,408**	4,600
Construction work	**901**	–
SOCAM Development Limited and its subsidiaries		
Trading income	**1,676**	–
Shui On Land Limited and its subsidiaries		
Licence fee and hotel management fee income	**364**	491
Reimbursable centralised hotel expenses	**472**	133
Supply procurement and consultancy services income	**542**	–
Shui Sing Holding Limited and its subsidiaries		
Rental expenses	**300**	300
Management fee expense	**300**	263
Management fee income	**120**	132
Transactions with associates for the period		
MGIL and its subsidiaries		
Licence fee and hotel management fee income	**4,830**	1,627
Reimbursable centralised hotel expenses	**2,800**	3,307
Transactions with a joint venture for the period		
Wealth Joy and its subsidiaries		
Investment management income	**5,929**	5,945
Project advisory service income	**10,175**	9,560
Supply procurement and consultancy services income	**1,457**	716

27. Connected and related party disclosures (continued)

	30 June 2013 HK$'000 (unaudited)	31 December 2012 HK$'000 (audited) (restated)
Balances with associates, a joint venture and related companies as at		
Amounts due from associates (see note 13(b))		
Crucial Investments Limited	23	23
City Apex Limited	12,054	12,054
MGIL and its subsidiaries [1]	268,075	268,075
	280,152	280,152
Amounts due from associates [2] (included in trade debtors under debtors, deposits and prepayments)		
MGIL and its subsidiaries	7,729	8,556
Amount due from a joint venture [2] (included in trade debtors under debtors, deposits and prepayments)		
Wealth Joy and its subsidiaries	37,001	52,025
Amounts due from related companies [2] (included in debtors, deposits and prepayments)		
Sun Fook Kong Holdings Ltd and its subsidiaries	41	1,161
SOCAM Development Limited and its subsidiaries	250	39
Shui On Land Limited and its subsidiaries	419	324
	710	1,524
Amounts due to related companies [2] (included in creditors, deposits and accruals)		
Sun Fook Kong Holdings Ltd and its subsidiaries	1,218	824

Notes:

1. The Group injected to MGIL, including investment cost, a total amount of HK$457,273,000 as at 30 June 2013 (31 December 2012: HK$457,273,000).

2. The amounts are unsecured, interest-free and repayable on demand.

28. Event after the end of the reporting period

The Acquisition as mentioned in notes 12 and 26 was completed on 11 July 2013. A new term loan facility of HK$1,900,000,000 was drawn down on 8 July 2013 to finance the Acquisition. The facility bears interest at floating interest rate HIBOR plus 1.48% per annum and is repayable on 8 July 2018.

Following completion, the Group currently owns 100% of the rentable area of Citibank Plaza.

DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

Term	Definition
"1999 Share Option Scheme"	the former Executive Share Option Scheme of the Company adopted by an ordinary resolution passed on 10 June 1999 and amended by an ordinary resolution passed on 20 December 2001
"2009 Share Option Scheme"	the share option scheme of the Company adopted by an ordinary resolution passed on 27 May 2009
"Bonds"	the 1% guaranteed convertible bonds issued by Champion REIT and matured on 3 June 2013
"CG Code"	Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"Champion REIT"	Champion Real Estate Investment Trust (Stock Code: 2778), a Hong Kong collective investment scheme authorized under section 104 of SFO, in which the Group had an interest of approximately 58.15% as at 30 June 2013
"Cinderella Media"	Cinderella Media Group Limited (Stock Code: 550), an associate of the Company, the shares of which are listed on the Stock Exchange, in which the Group had an interest of approximately 18.89% as at 30 June 2013
"Code of Conduct for Securities Transactions"	Code of Conduct regarding Securities Transactions by Directors and Relevant Employees of the Company
"Company"	Great Eagle Holdings Limited
"CSR"	Corporate Social Responsibility
"EBITDA"	Earning before interest, taxes, depreciation and amortization
"Group"	the Company and its subsidiaries
"HITL"	HSBC International Trustee Limited
"HKAS"	Hong Kong Accounting Standard
"HKFRS"	Hong Kong Financial Reporting Standard
"HKICPA"	Hong Kong Institute of Certified Public Accountants

“JCE”	Jointly controlled entity
“LHI”	Langham Hospitality Investments and Langham Hospitality Investments Limited (Stock Code: 1270), the share stapled units of which were newly listed on the Stock Exchange on 30 May 2013, in which the Group had an interest of approximately 57.69% as at 30 June 2013
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“PRC”	The People’s Republic of China
“REIT Code”	the Code on Real Estate Investment Trusts published by the Securities and Futures Commission of Hong Kong
“RevPAR”	Revenue per available room
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USA”	United States of America

鷹君集團有限公司
Great Eagle
Holdings Limited

Incorporated in Bermuda with limited liability (Stock Code: 41)
於百慕達註冊成立之有限公司(股份代號：41)

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