鷹君集團有限公司
Great Eagle Holdings Limited
於百慕達註冊成立之有限公司
Incorporated in Bermuda with limited liability
(Stock Code: 41)

2014 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors of Great Eagle Holdings Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2014 as follows:

	Six months ended 30 June		
	2014	**2013**	**Change**
	HK$ million	*HK$ million*	
Key Financials on Income Statement			
Based on core business[1]			
Revenue based on core business	**2,695.6**	**2,734.1**	**- 1.4%**
Core profit after tax attributable to equity holders	**965.5**	**780.2**	**23.7%**
Core profit after tax attributable to equity holders (per share)	**HK$ 1.47**	**HK$ 1.22**	
Based on statutory accounting principles[2]			
Revenue based on statutory accounting principles	**3,949.2**	**3,402.7**	**16.1%**
Statutory profit attributable to equity holders	**472.8**	**1,272.3**	**- 62.8%**
Interim Dividend (per share)	**HK$ 0.27**	**HK$ 0.23**	
Special Interim Dividend (per share)	**n.a.**	**HK$ 1.00**	

[1] On the basis of core business, figures excluded fair value changes relating to the Group's investment properties and financial assets, and were based on attributable distribution income from Champion REIT and Langham Hospitality Investments and Langham Hospitality Investments Limited (LHI), as well as realized gains on financial assets. The management's discussion and analysis focuses on the core profit of the Group.

[2] Financial figures prepared under the statutory accounting principles were based on applicable accounting standards, which included fair value changes and had consolidated financial figures of Champion REIT and LHI.

	June 2014	As at the end of December 2013
Key Financials on Balance Sheet		
Based on share of Net Assets of Champion REIT and LHI (core balance sheet)[1]		
Net gearing	**Net Cash**	**Net Cash**
Book value (per share)	**HK$ 88.2**	**HK$ 89.6**
Based on statutory accounting principles[2]		
Net gearing	**33.0%**	**31.8%**
Book value (per share)	**HK$ 76.9**	**HK$ 78.1**

[1] The Group's core balance sheet is derived from our share of net assets of LHI. As the hotels owned by LHI are classified as investment properties, the values of these hotels were marked to market. More details about the balance sheet derived from our share of net assets in Champion REIT and LHI are on page 4.

[2] As for the Group's balance sheet prepared under the statutory accounting principles, the entire debts of Champion REIT and LHI were consolidated in aggregate. However, the Group only owns a 60.83% and 57.95% equity stake of Champion REIT and LHI respectively as at the end of June 2014.

Core Profit - Financial Figures based on core business

	Six months ended 30 June 2014	2013	Change
	HK$ million	*HK$ million*	
Revenue from core business			
Gross Rental Income	217.1	155.5	39.7%
Hotels Division*	1,595.9	1,910.7	- 16.5%
Management Fee Income from Champion REIT	157.8	141.0	11.9%
Distribution Income from Champion REIT^	363.2	331.7	9.5%
Distribution Income from LHI^	148.4	21.2	600.5%
Other operations	213.2	174.0	22.5%
	2,695.6	**2,734.1**	**- 1.4%**
Net Rental Income	134.3	92.4	45.3%
Hotel EBITDA*	202.9	442.9	-54.2%
Management Fee Income from Champion REIT	157.8	141.0	11.9%
Distribution Income from Champion REIT^	363.2	331.7	9.5%
Distribution Income from LHI^	148.4	21.2	600.5%
Operating income from other operations	94.9	62.8	51.1%
Operating Income from core business	**1,101.5**	**1,092.0**	**0.9%**
Depreciation	(71.1)	(63.6)	11.8%
Administration and other expenses	(145.5)	(147.8)	-1.5%
Other income (including gains on securities)	47.3	2.8	1,552.3%
Interest income	171.4	16.5	940.8%
Finance costs	(81.5)	(60.8)	34.0%
Share of results of associates	10.4	11.1	- 5.9%
Share of results of a Joint Venture	(19.0)	(9.6)	99.2%
Core profit before tax	**1,013.5**	**840.6**	**20.6%**
Taxes	(46.8)	(59.8)	- 21.8%
Core profit after tax	**966.7**	**780.8**	**23.8%**
Non-controlling interests	**(1.2)**	**(0.6)**	**93.4%**
Core profit attributable to equity holders	**965.5**	**780.2**	**23.7%**

* In 1H 2013, hotel income from the Hong Kong hotels covered the period from 1 January 2013 to 29 May 2013.

^ 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 2014

	Assets	**Liabilities**	**Net Assets**
	HK$ million	***HK$ million***	***HK$ million***
Great Eagle operations (note 1)	**31,177.2**	**7,192.0**	**23,985.2**
Champion REIT (note 2)	**38,017.0**	**10,288.0**	**27,729.0**
LHI (note 2)	**10,156.7**	**4,040.6**	**6,116.1**
	79,350.9	**21,520.6**	**57,830.3**

31 December 2013

	Assets	Liabilities	Net Assets
	HK$ million	*HK$ million*	*HK$ million*
Great Eagle operations (note 1)	30,399.3	7,027.3	23,372.0
Champion REIT (note 2)	37,914.5	10,156.5	27,758.0
LHI (note 2)	10,148.8	3,989.9	6,158.9
	78,462.6	21,173.7	57,288.9

Note 1: Included in the assets and liabilities are cash of HK$8,118.0 million (31 December 2013: HK$8,893.4 million) and principal debts of HK$5,100.2 million (31 December 2013: HK$5,082.4 million), representing net cash of HK$3,017.8 million as at 30 June 2014.

Note 2: Assets and liabilities of Champion REIT and LHI are based on published results of Champion REIT and LHI, excluding distribution payable attributable from Champion REIT of HK$363.2 million (31 December 2013: HK$380.8 million), at the respective interests held by Great Eagle Holdings Limited, being 60.83% and 57.95%, (31 December 2013: 60.35% and 57.72%) respectively. Additionally, the assets of LHI include the hotel properties' appraised value as of 30 June 2014 and 31 December 2013.

Financial Figures based on Statutory Accounting Principles

	Six months ended 30 June		
	2014	2013	Change
	HK$ million	*HK$ million*	
Revenue based on statutory accounting principles			
Gross Rental Income	217.1	155.5	39.7%
Hotels Division	2,375.0	2,029.5	17.0%
Management Fee Income from Champion REIT	157.8	141.0	11.9%
Other operations	213.2	174.0	22.5%
Hotel Management fee Income from LHI	37.1	6.9	439.1%
Gross Rental income of Champion REIT	1,155.0	1,058.7	9.1%
Gross Rental income of LHI	368.3	55.8	559.7%
Elimination on Intra-Group transactions	(574.3)	(218.7)	162.6%
Consolidated total revenue	**3,949.2**	**3,402.7**	**16.1%**
Net Rental Income	134.3	92.4	45.3%
Hotel EBITDA	514.1	497.2	3.4%
Net Rental income from Champion REIT	954.5	881.1	8.3%
Operating income from other operations	100.7	68.2	47.6%
Operating Income	**1,703.6**	**1,538.9**	**10.7%**
Depreciation	(240.5)	(186.5)	29.0%
Fair value changes on Invest. properties	(143.8)	794.7	-118.1%
Fair value changes on Derivative Financial Instruments	0.2	308.0	-99.94%
Fair value changes on financial assets designated at FVTPL	(0.1)	-	n.a.
Gain on conversion of convertible bonds of Champion REIT	-	29.3	n.a.
Administration expenses	(154.7)	(173.6)	-11.0%
Other expenses (exchange difference)	(169.5)	(17.8)	853.6%
Other income (including Interest income)	192.9	30.0	543.3%
Finance costs	(302.7)	(264.9)	14.3%
Share of results of associates	0.8	0.6	20.9%
Share of results of a Joint Venture	(19.0)	(9.6)	99.2%
Statutory profit before tax	**867.2**	**2,049.1**	**-57.7%**
Taxes	(284.7)	(127.2)	123.9%
Statutory profit after tax	**582.5**	**1,921.9**	**- 69.7%**
Non-controlling interests	**(51.7)**	**7.3**	**- 810.4%**
Non-controlling unitholders of Champion REIT	**(58.0)**	**(656.9)**	**-91.2%**
Statutory profit attributable to equity holders	**472.8**	**1,272.3**	**-62.8%**

OVERVIEW

Going into 2014, the Group continues to forge ahead with its plan to grow its asset base. The Group has won the tender of a prime residential site at Tai Po, Hong Kong in May 2014, and completed the acquisition of a 265-key hotel at downtown Washington, D.C., USA in July 2014. The residential site commands unobstructed seaview over the Tolo Harbour and has been earmarked for luxury residential development, whereas the hotel will be rebranded to one of our Langham brands.

Apart from acquisitions, the Group also expanded its asset-light business. By leveraging on our experienced management team in the U.S., we have set up a U.S. real estate fund. With the Group being the key asset manager of the fund, the Group receives asset management fee income based on the size and performance of the fund.

The initial size of the U.S. fund comprised of the agreed net asset value of the seeded office properties transferred or to be transferred by the Group, which serves as its invested capital, and a committed capital of US$150 million from a leading asset management company in Mainland China. As additional funding is being raised from other parties, the asset management fee income attributable to the Group will increase.

All-in-all, the combination of increased investments and expanded management fee income businesses had demonstrated our execution capabilities and laid a solid foundation for the Group's future earnings.

As for the first half of 2014, revenue base on core business of the Group reached HK$2,696 million, and was 1.4% lower than that in the same period last year. The decline was primarily due to a drop in revenue from the Hotels Division, after the spinoff of the Hong Kong hotels to LHI last year. Although the Group booked a distribution income for its equity stake in LHI, and revenue from overseas hotels and other major profit contributing businesses had increased during the first half, they were not enough to fully offset the revenue previously booked for the Hong Kong hotels.

Despite a drop in revenue, operating income from core business rose by 0.9% year-on-year to HK$1,102 million during the first half of 2014. The growth in operating income as compared to a decline in revenue was primarily due to increased contributions from distribution income and management income, which have a pass-through effect from revenue to operating income. In addition, there were margin expansions in the Group's other major businesses, which resulted in an overall increase in operating income that was slightly more than offsetting the lower operating income from the Hotels Division.

Despite a modest increase in operating income, the significant increase in interest income on the Group's enlarged cash base that was derived from the spinoff last year, as well as the gains on the Group's securities portfolio being realized, core profit after tax for the first half of 2014 rose by 23.7% year-on-year to HK$965 million.

The Group booked an interest income of HK$171 million during the first half of 2014, when compared with HK$16 million booked in the same period last year. A large portion of the Group's cash holdings were denominated in Renminbi, which generated higher deposit income and part of the cash were invested in other interest income enhancing investments, which led to higher interest income on the Group's enlarged cash holdings. Furthermore, as a minor part of the Group's cash holdings were invested in securities comprising of equities and debts, there was a realized gain booked during the first half, such gain was included under the "other income" item. As the gains had been realized, these gains were included in core profit.

However, interest expense also climbed up during the first half of 2014, which was predominantly due to additional interest expense in relation to acquisitions made in the second half of 2013. Losses from a joint venture also deepened during the first half, given further marketing and administrative expenses incurred for the presale of the residential apartments under a development project in Dalian.

As for the Group's treasury operations, the Group's cash reserve became lower after ramping up its pace in investments during the past months. Under such circumstances, the Group began to scale back its investment in securities since April 2014 as compared with that at the beginning of the year. Of the Group's cash deposits, a large portion of which had been converted to Renminbi earning higher deposit rates since the second half of last year. Unfortunately, Renminbi experienced an unforeseen depreciation and resulted in an exchange loss in the Group's statutory profit. In order to avoid doubt, such non-realized exchange loss was not included in the Group's core profit for the first half of 2014. Nonetheless, since June 2014, Renminbi had gradually appreciated against the Hong Kong dollar.

OPERATIONAL REVIEW

HOTELS DIVISION

Hotels Performance

	Average Daily Rooms Available		**Occupancy**		**Average Room Rate (local currency)**		**RevPar (local currency)**	
	1H 2014	1H 2013	1H 2014	1H 2013	1H 2014	1H 2013	1H 2014	1H 2013
The Langham, Hong Kong	485	495	88.0%	85.4%	2,291	2,254	2,017	1,924
Langham Place, Hong Kong	650	652	92.5%	87.7%	1,871	1,846	1,731	1,619
Eaton Hotel, Hong Kong	465	440	95.7%	93.3%	1,178	1,159	1,127	1,082
The Langham, London	380	380	78.5%	76.0%	260	267	204	203
The Langham, Melbourne	388	377	86.0%	85.6%	282	273	242	234
The Langham, Auckland	409	411	80.9%	72.5%	175	184	141	133
The Langham, Sydney	96	96	84.7%	82.9%	297	281	252	233
The Langham, Boston	318	318	77.6%	66.9%	243	243	188	162
The Langham Huntington, Pasadena	380	380	79.0%	72.1%	242	228	191	164
The Langham, Chicago^	313	n.a.	51.7%	n.a.	301	n.a.	155	n.a.
Eaton Chelsea Toronto	1,590	1,590	65.9%	69.1%	126	122	83	85
Langham Place, Fifth Avenue, New York*	214	n.a.	78.8%	n.a.	487	n.a.	383	n.a.
The Langham, Xintiandi, Shanghai (33.3% owned)	356	356	65.6%	55.3%	1,664	1,729	1,092	957

^ From 10 July 2013 to 31 December 2013

* From 25 September 2013 to 31 December 2013

		Six months ended 30 June		
		2014	2013	Change
		HK$ million	*HK$ million*	
Hotel Revenue				
Hong Kong		**-**	**656.3**	**n.a.**
Overseas Hotels	- Europe	**272.1**	**248.6**	**9.4%**
	- North America	**826.0**	**551.0**	**49.9%**
	- Australia/New Zealand	**414.2**	**410.4**	**0.9%**
Others (including hotel management income)		**83.6**	**44.4**	**88.5%**
Total Hotel Revenue		**1,595.9**	**1,910.7**	**- 16.4%**
Hotel EBITDA				
Hong Kong		**-**	**254.8**	**n.a.**
Overseas Hotels	- Europe	**55.4**	**61.0**	**-9.3%**
	- North America	**21.2**	**41.9**	**- 49.9%**
	- Australia/New Zealand	**63.2**	**63.4**	**- 0.5%**
Others (including hotel management income)		**63.1**	**21.8**	**191.7%**
Total Hotel EBITDA		**202.9**	**442.9**	**- 54.2%**

Hotel income contribution from the Hong Kong hotels for 2013 covered the period from 1 January 2013 to 29 May 2013. The following table restates the figures above by excluding the Hong Kong hotels to provide a more meaningful year-on-year comparisons.

Management discussion based on this table, which excluded impact of the spin off hotels	Six months ended 30 June		
	2014	2013	Change
	HK$ million	*HK$ million*	
Hotel Revenue			
Overseas Hotels	**1,512.3**	**1,210.0**	**25.0%**
Others (including hotel management income)	**83.6**	**44.4**	**89.4%**
Total Hotel Revenue	**1,595.9**	**1,254.4**	**27.3%**
Hotel EBITDA			
Overseas Hotels	**139.8**	**166.3**	**-16.2%**
Others (including hotel management income)	**63.1**	**21.8**	**191.7%**
Total Hotel EBITDA	**202.9**	**188.1**	**7.9%**

The following discussion is based on figures in the restated table, which excluded the impact from the absence of contribution from the three Hong Kong hotels for the year of 2013, thereby providing a more meaningful year-on-year comparison on the performance of the Hotels Division.

Revenue of the Hotels Division, which comprised of nine overseas hotels and other Hotels Division related business such as hotel management income, delivered a 27.3% year-on-year increase in revenue to HK$1,595.9 million during the first half of 2014. The increase was primarily due to new revenue contribution from two newly added hotels, The Langham, Chicago and Langham Place, Fifth Avenue, which has begun contributing from the second half of 2013, whereas large increases in management fee income also helped boosted revenue of the Hotels Division.

Except for Eaton Chelsea Hotel, which undertook restoration works that negatively impacted RevPAR achieved by the hotel, the other existing hotels all achieved RevPAR growth in the first half of 2014. As a result, if we exclude the impact of the two new hotels, there was a low single digit revenue growth for the existing hotel portfolio, and the growth would have been higher, if there wasn’t a decline in revenue from Eaton Chelsea Hotel. The increase in other related income under the Hotels Division was primarily due to increased management fee income received from LHI, which had six months of revenue contribution in the first half of 2014, as compared with just around one month of contribution in the first half of 2013.

However, EBITDA of the Hotels Division grew at a much slower rate of 7.9% year-on-year to HK$202.9 million in the first half of 2014. The increase was primarily due to higher management fee income received, while EBITDA of the overseas hotels had actually declined, as it was hindered by i) increased share of Hotels Division corporate overhead expense, ii) losses incurred at The Langham, Chicago as the hotel is still at ramp up stage and iii) reduced profit at Eaton Chelsea Hotel.

The reason for the increased share of corporate overhead expense under the Hotels Division was due to the smaller revenue of the hotel portfolio after the spinoff of the Hong Kong hotels. The corporate overhead under the Hotels Division is allocated to individual wholly-owned hotels based on their share of revenue achieved. Hence, with fewer hotels absorbing this overhead cost, the share of corporate overhead expense allocated to each wholly-owned hotel increased, as compared with the corresponding period last year. Before the allocation of corporate overhead, EBITDA of the hotel portfolio in Australia and New Zealand would have posted an increase in EBITDA in the first half of 2014.

After the spinoff of the Hong Kong Hotels, the financial returns on the Group’s 57.95% equity stake in the three Hong Kong hotels were reflected through our investment in LHI, under the section “Investment in LHI”.

HONG KONG HOTELS

Although the three hotels in Hong Kong were spun off to LHI in May 2013, the following discussion on the operational performance of the hotels was based on six month period from January to June of 2013, thus providing a more meaningful comparative operational performance analysis of the hotels.

The Langham, Hong Kong

At The Langham, Hong Kong, the hotel accommodated increased number of individual tourist arrivals from Mainland China, which rose 16.0% year-on-year, and offset reduced demand from other markets. Revenue from F&B saw a decline of 2.1% year-on-year in the first six months of 2014. The decline was due to reduced wedding banquets business, and slower business flow at the restaurant on the first floor, which was being repositioned to cater for a wider audience.

For the first six months of 2014, its occupancy increased by 2.7 percentage points to 88% (1H 2013: 85.4%) while average room rate increased 1.7% year-on-year to HK$2,291 (1H 2013: HK$2,254).

Langham Place, Hong Kong

For Langham Place Hotel, Hong Kong, among its top arrival markets, there was actually a small single digit increase in arrivals from the Americas and the United Kingdom. In addition to an increase in arrivals from the Mainland China market, the move to accommodate more leisure travellers from other Asian countries helped boost occupancy during the first six months of 2014. Revenue from food and beverage saw an 8.7% year-on-year growth for the first six months of 2014. The hotel hosted more corporate events in the first six months of this year compared with the same period last year.

For the first six months of 2014, occupancy increased by 4.8 percentage points to 92.5% (1H 2013: 87.7%) while average room rate increased 1.4% year-on-year to HK$1,871 (1H 2013: HK$1,846).

Eaton Hotel, Hong Kong

Eaton, Hong Kong, witnessed the highest increase in arrivals from the Mainland China market amongst the three Hong Kong hotels. In addition to an increase in the number of renovated rooms, the pricing and positioning of the hotel towards budget travellers, also helped brought in more arrivals from other markets. Revenue from food and beverage rose 2.6% year-on-year in the first six months of 2014. Majority of restaurants showed better pickup with increased number of guests, whilst catering was supported by a mix of meetings, conference and weddings business.

For the first six months of 2014, the hotel achieved average occupancy of 95.7% on an average of 465 rooms (1H 2013: 93.3% on an average of 440 rooms) and an average room rate of HK$1,178 (1H 2013: HK$1,159).

OVERSEAS HOTELS

Year-on-year growths for the overseas hotels below refer to percentage growth in local currencies.

EUROPE

The Langham, London

While The Langham, London saw reduced business from the groups segment over the first half of 2014, the shortfall was more than offset by increased arrivals from the retail leisure travellers. However, the change in guest mix towards retail leisure had diluted average room rates achieved by the hotel, which dropped by 2.6% year-on-year in the first half of 2014. Revenue from food and beverage rose 6% year-on-year during the first half of 2014, as business from the restaurants and catering operations improved, and with more meetings and events activities held.

For the first six months ended June 2014, the hotel achieved occupancy of 78.5% (1H 2013: 76%) and an average room rate of ₤260 (1H 2013: ₤267).

NORTH AMERICA

The Langham, Boston

The Langham, Boston benefitted from increased citywide conventions in the second quarter of 2014, which drove corporate arrivals for the hotel. The hotel also had more retail and aircrew businesses during the first half of 2014, which brought a 10.7 percentage points increase in occupancy for the hotel year-on-year during the reporting period. Revenue from food and beverage rose 6% year-on-year during the first half of 2014, the increase of which was mainly driven by improvement in catering business, attributable to more corporate meeting and conference activities held.

For the six months ended June 2014, the hotel achieved average occupancy of 77.6% (2013: 66.9%) and an average room rate of US$243 (2013: US$243).

The Langham Huntington, Pasadena

The Langham Huntington, Pasadena Hotel benefitted from continuous improvement in the local economy, and witnesses increased arrivals from the corporate groups and leisure business. The hotel managed to deliver a 6% year-on-year in average room rates, while occupancy rose 6.9 percentage points. Revenue from food and beverage rose 17.1% year-on-year during the first half of 2014, which was supported by the resumption of operation of The Royce restaurant throughout the first half, whereas it was closed for renovation in the first quarter of last year. There was also an improvement in other restaurants, as well as from catering business.

For the six months ended June 2014, the hotel achieved average occupancy of 79% (2013: 72.1%) and an average rate of US$ 242 (2013: US$228).

The Langham, Chicago

As the ramp up phase of The Langham, Chicago was met with extreme weather conditions in the first quarter of 2014, this had further extended the ramp up period for the hotel, with occupancy only reached 51.7% during the first half of 2014. Notwithstanding the above, the hotel incurred a loss for the first half of 2014, although the amount of loss was substantially lower as compared with that booked in the second half of 2013, when pre-opening expense was also booked. Pick up in revenue from food and beverage was also slow during the first half of 2014. Nonetheless, the hotel continues to gain brand recognition and has won several high profile accolades during this year.

For the six months ended June 2014, the hotel achieved average occupancy of 51.7% (on an average of 313 available rooms) and an average rate of US$301.

Langham Place, Fifth Avenue, New York

Since the completion of the Langham Place, Fifth Avenue, New York in September 2013, the demand for its rooms had been steady, which upheld an occupancy of 78.8% for the hotel during the first half of 2014. In particular, there had been strong demand from the leisure business group. It should be noted that Ai Fiori, a Michelin Star restaurant on the first floor of the hotel, is leased to an independent third party for which the hotel collects rental income instead. Revenue from food and beverage for the hotel comprised of revenue from the lounge on the ground floor, and catering business from its meeting and convention facilities.

For the six months ended June 2014, the hotel achieved average occupancy of 78.8% and an average rate of US$487.

Eaton Chelsea Hotel, Toronto

Throughout the first five months of 2014, restoration works on the room's balconies had impacted occupancy for the hotel, which declined 3.2 percentage points year-on-year during the first six months of 2014. It is worth noting that occupancy rate rose year-on-year in the month of June 2014, following the completion of the restoration works. Other than the impact of the restoration work, the hotel had witnessed healthy growth in arrivals from the leisure and corporate group segment, which helped to lift room rates for the hotel.

For the six months ended June 2014, the hotel achieved average occupancy of 65.9% (2013: 69.1%) and an average rate of C$126 (2013: C$122).

AUSTRALIA/NEW ZEALAND

The Langham, Melbourne

Performance at The Langham, Melbourne was underpinned by steady demand from retail and group segment in the first six months of 2014. After the last phase of the room renovation that was completed in third quarter of 2013, the renovated rooms facilitated the hotel to command better rates, which led to an overall 3.3% year-on-year increase in average room rates achieved. Revenue from food and beverage rose 5.8% year-on-year during the first half of 2014, which was attributable by an increase number of guests to the restaurants and improved catering business.

For the six months ended June 2014, the hotel achieved occupancy of 86% on an average of 388 rooms (1H 2013: 85.6% on an average of 377 rooms) and an average rate of A$282 (1H 2013: A$273).

The Langham, Sydney

The Langham, Sydney benefitted from buoyant market conditions, and it was able to secure an increased number of high yielding retail travellers, which helped the hotel to deliver a 5.7% increase in average room rates, while occupancy climbed by 1.8 percentage points to 84.7% in the first half of 2014. Revenue from food and beverage rose 15.4% year-on-year during the first half of 2014, which was attributable to number of guest and improvements in their average spending.

In order to further optimize the performance of the hotel, the hotel will be closed for a major renovation from the third quarter through to December of 2014.

For the six months ended June 2014, the hotel achieved occupancy of 84.7% (1H 2013: 82.9%) and an average rate of A$297 (1H 2013: A$281).

The Langham, Auckland

As the demand for rooms from the corporate and group segment remained weak during the first six months of 2014, the hotel strategically targeted capturing demand in the retail leisure segment, which helped the hotel to growth its occupancy over by 8.4 percentage points over the period, although the focus to shift to more retail travellers had resulted in a decline in average room rate achieved. Revenue from food and beverage rose 7.8% year-on-year during the first half, as a result of improved business at the Eight restaurant and better catering business, particularly from meetings and conferences activities.

For the six months ended June 2014, the hotel achieved average occupancy of 80.9% (1H 2013: 72.5%) and an average rate of NZ$175 (1H 2013: NZ$184).

CHINA

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

Despite tough market conditions, The Langham Xintiandi managed to grow its occupancy by 10.3 percentage points over the first half of 2014. The increase in travellers was mostly from both the corporate and retail segments. However, as overall market remained competitive, average room rates achieved by the hotel dropped by 3.8% year-on-year during the first half of 2014. Revenue from food and beverage rose 9.4% year-on-year during the first half, with a majority of contribution being derived from catering, that was streamed from corporate meetings and conferences.

For the six months ended June 2014, the hotel achieved occupancy of 65.6% (1H 2013: 55.3%) and an average rate of ¥1,664 (1H 2013: ¥1,729).

HOTEL MANAGEMENT BUSINESS

In the first half of 2014, two long-term hotel management contracts were added to the flourishing portfolio of hotels under management, Langham Place Changsha and The Langham Dubai, Palm Jumeirah, joined as those of third-party hotels managed by our hotel management subsidiary, and brought the number of hotels in our management portfolio to ten hotels with approximately 2,600 rooms as at the end of June 2014. Except for a 33.3% stake in the Langham Xintiandi, the Group has no equity stakes in these hotels.

ASSET ACQUISITIONS

In July 2014, the Group completed the acquisition of a 265-key hotel in Washington, D.C., USA for US$72 million, which implied a valuation of US$0.27 million per key. The hotel is located in the heart of downtown Washington and is close to the White House. Renovation had been planned for the hotel and the hotel will be rebranded under our lifestyle brand that focuses on younger and more socially oriented travellers. The acquisition will further increase the awareness of our hotel brand and cementing our brand as one of leading international hotel brands.

DEVELOPMENT PROJECTS

Pak Shek Kok Residential Development Project

In May 2014, the Group successfully won the tender of a prime residential site with a site area of 208,820 sq. ft and a total gross floor area of 730,870 square feet in Pak Shek Kok, Tai Po, Hong Kong. Based on the land cost of HK$2,412 million for the site, this translated to a price of HK$3,300 per square foot. The site commands unobstructed sea view of the Tolo Harbour and has been earmarked for luxury residential development with between 500 to 700 residential units. The payment for the land cost was paid in June 2014.

Dalian Mixed-use Development Project

The project is located on Renmin Road in the East Harbour area of Zhongshan District, the CBD of Dalian, Liaoning Province. It has a total gross floor area of approximately 286,000 square metres and comprises 1,200 high-end apartments and a luxury hotel with approximately 360 rooms. The Group has a 50% equity interest in the project and acts as the project manager. As of the end of June 2014, the Group had invested HK$595 million for its stake in the project.

Since the launch of the pre-sale on Phase 1 of the apartments in September 2013, sale progress has been quite slow during the first half of 2014. Accumulated sales reached 100 units as at the end of June 2014, with an average selling price of approximately RMB23,000 per sq. m. As the sales of the apartments were recognized based on units completed, such sales and profits on the pre-sales of these apartments will not be booked in our income statement in 2014. Phase 1 of the development is expected to complete in the second half of 2015.

INCOME FROM CHAMPION REIT

The Group's core profit is based on the attributable distribution income from Champion REIT in respect of the same financial period. On that basis, total income from Champion REIT in the first half of 2014 rose by 10.2% year-on-year to HK$521 million. With higher asset management income, together with an increase in agency commission income in the first half of 2014, overall management fee income from Champion REIT rose 11.9% to HK$157.8 million in the first half of 2014. The attributable dividend income from Champion REIT rose 9.5% year-on-year to HK$363.2 million.

	Six months ended 30 June		
	2014	**2013**	**Change**
	HK$ million	***HK$ million***	
Attributable Dividend income	**363.2**	**331.7**	**9.5%**
Management fee income	**157.8**	**141.0**	**11.9%**
Total income from Champion REIT	**521.0**	**472.7**	**10.2%**

The following text was extracted from the 2014 interim results announcement of Champion REIT relating to the performance of the REIT's properties.

Citibank Plaza

Rents at Citibank Plaza have been further reduced to attract new tenants. Asking rents (the rental rate based on lettable floor area quoted for new tenancies) are currently at HK$75-80 per sq. ft. Passing rents at Citibank Plaza, which are the average rental rate of existing tenancies weighted by floor area, have come down by over HK$2.50 per sq. ft. to HK$82.07 per sq. ft. as of June 30 2014. In spite of the lower passing rent, revenue at Citibank Plaza improved 2.3% to HK$614 million due to income from the newly acquired floors and improved carpark income. At the same time, net building management expenses increased HK$1.3 million, and net property income was 1.3% lower, at HK$491 million.

Langham Place Office Tower

The occupancy rate at the Langham Place Office Tower was maintained at a high level of 98.8% as of 30 June 2014. Asking rents (based on gross floor area) at the Langham Place Office Tower remained unchanged at HK$38-45 per sq. ft. The passing rent increased from HK$32.86 at the end of last year to HK$34.78 as of 30 June 2014. This was a result of higher rent rates achieved on 23% of the floor area subject to new leases during the first half. Revenue increased 15.1% to HK$159 million, compared to HK$138 million for the corresponding period in 2013. Net property income at the Office Tower grew 14.3% to HK$126 million.

Langham Place Mall

During this period, tenancies representing only 4% of the Mall's floor area were rolled over, resulting in a small increase in the passing rent rate from HK$144.26 at the end of 2013 to HK$146.01 per sq. ft. presently. The Mall however enjoyed the follow-on effect of rent rate increases in the second half of 2013. Passing rents at mid-year 2014 were HK$27 per sq. ft. higher than a year ago, resulting in a significant increase in base-rent income. At the same time, the excellent performance of some cosmetics and accessories retailers contributed to HK$46.7 million in turnover rent income in the first half of 2014 as compared with HK$43.4 million for the same period last year. In all, revenue increased 19.3% from HK$320 million to HK$381 million and net property income increased by 21.2% from HK$250 million to HK$303 million.

Although total net property income for Champion REIT improved by 7.2% in the first half of 2014, distribution growth of the REIT grew at a slower rate of 4.7% on higher borrowing costs. Cash finance costs incurred by the REIT increased by HK$21 million to HK$139 million. Incremental debt was incurred from the acquisition of additional floors at Citibank Plaza in the second half of 2013.

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 derived from the attributable distribution income after the impact of dividend waived, as we believe this 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. In the first half of 2014, distribution income from LHI came to HK$148.4 million, which has already taken into account of the distributions waived by the Group. Distribution income is much higher than the HK$21.2 million booked in the first half of 2013, as LHI was listed on 30 May 2013, therefore, distribution income for the first half of 2013 covered the period from 30 May 2013 to 30 June 2013.

In 2014, distribution entitlement in respect of approximately 13% of our holdings in the share stapled units of LHI (before the impact of hotel management fee issued in units and additional share stapled units acquired in the market) will be waived, and the said percentage will drop to approximately 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		
	2014	**2013**	
	HK$ million	***HK$ million***	**Change**
Attributable Distribution income	**148.4**	**21.2**	**600.5%**

INVESTMENT PROPERTIES

	Six months ended 30 June 2014	2013	
Gross rental income	***HK$ million***	***HK$ million***	**Change**
Great Eagle Centre	**69.8**	**69.6**	**0.4%**
Eaton Serviced Apartments	**24.7**	**19.4**	**27.1%**
United States Office Properties	**109.1**	**54.2**	**101.3%**
Others	**13.5**	**12.3**	**10.2%**
	217.1	**155.5**	**39.7%**

Net rental income	***HK$ million***	***HK$ million***	**Change**
Great Eagle Centre	**59.8**	**56.7**	**5.3%**
Eaton Serviced Apartments	**16.2**	**10.3**	**57.2%**
United States Office Properties	**57.5**	**24.5**	**134.7%**
Others	**0.8**	**0.9**	**-11.1%**
	134.3	**92.4**	**45.3%**

Great Eagle Centre

Office leasing activities had been slow for the Great Eagle Centre during the first six months of 2014. The slow activities were in part due to limited office sizes available at the Great Eagle Centre, where units available are all less than 2,000 square feet. Although occupancy looked as though it was improved as compared with that reported as of June 2013, the increase in occupancy from 91.7% as of June 2013 to 95.2% as of June 2014 was all due to a reduction of available lettable area, where the Group took up more space to house its hotel management subsidiary. Excluding the owner-occupied portion, office space leased to third parties actually dropped as of June 2014, when compared with June 2013.

Throughout the first six months of 2014, asking rents for the office portion remained stable at between HK$60 per sq. ft. to HK$73 per sq. ft. on lettable floor area, whereas average passing rent for the leased office space at the Great Eagle Centre went from HK$61.8 per sq. ft. as of June 2013 to HK$63.8 per sq. ft. as of June 2014.

While the retail space accounted for a smaller portion of lettable floor area at Great Eagle Centre, it benefitted from positive rental reversion, which lifted retail average passing rent to HK$96.2 per sq. ft as of June 2014 from HK$83.1 per sq. ft as of June 2013. Overall, gross rental income for Great Eagle Centre increased 0.3% to HK$69.8 million in the first half of 2014, while net rental income increased 5.3% to HK$59.8 million. The higher growth achieved in net rental income was due to a higher cost base for comparison last year, as increased maintenance capital expenditure was incurred for the building during the first half of 2013.

Office space at Great Eagle Centre		
	As of June 2014 *(sq. ft.)*	As of June 2013 *(sq. ft.)*
Total lettable area	173,308	173,308
Space occupied by the Group and its subsidiaries	38,097	25,509
Lettable area used for the calculation of operating statistics (a)	135,211	147,799
Occupancy (b)	95.2%	91.7%
Office space occupied by third parties (a) x (b)	128,721	135,532

	As at the end of		
	June 2014	June 2013	
Office (on lettable area)			
Occupancy	**95.2%**	**91.7%**	
Average passing rent	**HK$63.8**	**HK$61.8**	*+3.2%*
Retail (on lettable area)			
Occupancy	**99.4%**	**99.4%**	-
Average passing rent	**HK$96.2**	**HK$83.1**	*+15.7%*

Eaton Serviced Apartments

As compared with the first half of last year, when 14% of the rooms at the Wanchai Gap Road property were being converted to guesthouse rooms and reduced the number of available rooms to let, the property had all its rooms available for let in the first half of 2014. In addition to an increased number of available rooms, the converted guesthouse rooms also yielded better, as guesthouse rooms can be rented on a nightly basis rather than monthly basis for serviced apartments, and helped to maximize average passing rents achieved. Therefore, passing rent achieved at the Wanchai Gap Road rose 10.3% from HK$41.7 per sq. ft. on gross floor area in the first half of 2013 to HK$46.0 per sq. ft. in the first half of 2014.

As for performances of the other two serviced apartments in Happy Valley, the Village Road property saw an increase in occupancy but average rental rate achieved during the first half of 2014 was flat as compared with the same period last year. While occupancy also rose at the Blue Pool Road property, average rental rate achieved declined year-on-year in the first half of 2014, as demand for high end apartments was still weak during the first half period. Overall occupancy for the three serviced apartments rose from 65.9% in the first half of 2013 to 76.8% during the first half of 2014.

With primarily strong rental income growth achieved at the Wanchai property, gross rental income for the serviced apartment portfolio rose 27.1% year-on-year to HK$24.7 million in the first half. With less operating expenses incurred for the Wanchai Gap Road property, net rental income rose 57.2% year-on-year to HK$16.3 million during the first half of 2014.

Given the success of the converted guesthouse rooms at Wanchai Gap Road, all of the remaining 27 service apartment rooms will also be converted to guesthouse rooms during the third quarter of 2014.

	Six months ended 30 June	
	2014	**2013**
(on gross floor area)		
Occupancy	**76.8%**	**65.9%**
Average passing rent	**HK$49.4**	**HK$44.8**

United States Properties

As mentioned at the beginning of the Management Discussion and Analysis, the Group has set up a U.S. real estate fund. After the transfer of the 500 Ygnacio property to the fund on 20 August 2014, the Group will further transfer two other U.S. office properties when all contingent conditions such as lenders consent have been met. As only one property has been transferred to the fund at time of the fund's first closing, and based on the paid-up capital contributed by our partner, our interest in the fund was 43.7%, as compared with an interest of more than 50%, if all the properties have been transferred to the fund at the time of its first closing. The agreed net asset value for the three properties will represent the Group's invested capital in the fund. Compared with the three properties of the fund, namely, 500 Ygnacio, 353 Sacramento Street and 123 Mission Street, the only remaining 2700 Ygnacio property possesses relatively less up-side potential upon leases renewal, and therefore, it was decided that 2700 Ygnacio is not appropriate for the fund.

During the first half of 2014, San Francisco remains one of the strongest office markets in the U.S., with continued rising asking rental rates and declining vacancy rates. Spot rents at 353 Sacramento, 500 Ygnacio, and 123 Mission Street all rose to levels above their average passing rents, which should lead to positive rental reversions in the years ahead. However, spot rents at 2700 Ygnacio as of June 2014 were still below its average passing rent. Operating statistics of the portfolio presented in the table below included the newly acquired 123 Mission Street.

	As at the end of	
	June 2014	**June 2013**
(on net rentable area)		
Occupancy	**89.1%**	**93.3%**
Average passing rent	**US$38.0**	**US$34.0**

Excluding the contribution from 123 Mission Street, which was acquired in the November 2013, occupancy of the portfolio would stood at 89.9% as at the end of June 2014 as compared to 93.3% as at the end of June 2013, whereas average passing rent for the portfolio would be US$34.5 per sq. ft. on net rentable area as of June 2014, as compared with US$34.0 per sq. ft. as of June 2013.

Overall, gross rental income, which included contribution from 123 Mission Street rose 101.3% to HK$109.1 million during the first half of 2014, whilst net rental income rose 134.7% to HK$57.5 million.

OUTLOOK

The government in China recently announced a number of initiatives to bring forward infrastructure spending and monetary stimulus. This will help to sustain the economic growth in China against the fear for a rapid slowdown, which will boost confidence for the coming future. More recent releases of data in USA demonstrated that labour market performed in a positive manner. This, coupled with the comments made by the Chairlady of USA Federal Reserve that stimulus is still required, should help to ensure U.S. economic recovery remains intact. In Europe, although problems at a Portuguese bank had sparked concerns about a new debt crisis, it appeared to be an isolated credit case. As the economic growth rates around the world are moving into a positive territory, this should support the Group's businesses for the rest of the year.

In the second half of 2014, distributions and hotel management incomes from LHI will primarily depend on RevPAR growth for the Hong Kong hotels. For the three hotels owned by LHI, they have all witnessed an increase in RevPAR in the first six weeks of the second half of 2014.

In terms of the outlook for the overseas hotels, our hotels in the U.S. should benefit from further recovery of the U.S. economy. Performance of The Langham Chicago should pick up as the brand continues to penetrate the market. As the balconies restoration works completed in June 2014, this would help to lift earnings of the Eaton Chelsea Hotel in Toronto during the second half of 2014. For the hotel in London, we are cautiously optimistic, given improving economic conditions in the U.K, whilst the performance of the hotels in Australasia should be steady. Although The Langham Sydney will be closed for major renovation from August to November 2014, the profit contribution of the hotel to the Australasia hotel portfolio is relatively small.

For Champion REIT, rental growth at Langham Place should continue to be strong in the second half of 2014. However, rental income from Citibank Plaza is expected to weaken in the fourth quarter of 2014. Moreover, as there were new bank loans arranged in May, higher interest costs were incurred. With a higher effective tax rate in the second half of 2014, this will act to reduce the distribution for the same period. Hence, DPU for the second half of 2014 may be lower than that for the same period of 2013.

Although we expect global economic growth to sustain, volatility is still noteworthy. With global geopolitical crisis heightening, the Group is well positioned and alerted to prepare for an abrupt downturn should it arises. Nonetheless, going forward, the Group will continue to execute its acquisition plan, where we have been evaluating a number of possible investment opportunities. The Group is targeting to close on those projects that will either be accretive to the Group's net asset value or expected to have a synergistic effect on our current businesses.

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 2014 was HK$16,637 million, an increase of HK$764 million compared with that as of 31 December 2013. The increase in net borrowings during the period was mainly due to a reduction of cash attributable to the premium paid for land acquisition at Pak Shek Kok offset by cash receipt from redemption of link notes. Cash fund invested in quoted shares, bonds and link notes were not classified as cash on hand.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 30 June 2014 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK$50,426 million, representing an increase of HK$470 million compared to the value of HK$49,956 million as of 31 December 2013. The increase was mainly attributable to the profit for the period.

For statutory 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 2014 was 33.0%. However, since only 60.83% and 57.95% 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 2014	**Consolidated**	**Sharing of Net Assets***
	HK$ million	**HK$ million**
Great Eagle	**(3,018)**	**(3,018)**
Champion REIT	**13,562**	**-**
LHI	**6,093**	**-**
Net debts (cash)	**16,637**	**(3,018)**
Equity Attributable to Shareholders of the Group	**50,426**	**57,830**
Gearing ratio as at 30 June 2014	**33.0%**	**n/a**

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

Because of the persistent low interest rate environment and in order to enhance return to shareholders, as a normal treasury function the Group has been prudently investing in quality short-term bonds which are intended to be held to maturity, principal protected notes with reputable banks and financial institutions as counter-parties and selected quality equities. As at 30 June 2014, the market value of these bonds and notes amounted to HK$483 million and invested securities amounted to HK$1,377 million. Should these amounts be taken into account, the consolidated net borrowings and gearing ratio would be reduced to HK$14,777 million and 29.3% respectively. The net cash based on sharing of net assets of Champion and LHI would be correspondingly increased to HK$4,878 million.

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 amounted to HK$26,601 million as of 30 June 2014. Foreign currency gross debts as of 30 June 2014 amounted to the equivalent of HK$6,801 million, of which the equivalent of HK$4,193 million or 62% was on fixed-rate basis.

FINANCE COST

The net consolidated finance cost incurred during the period was HK$157.1 million. Overall interest cover at the reporting date was 10.1 times.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 30 June 2014, our cash, bank deposits and undrawn loan facilities amounted to a total of HK$10,714 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 2014:

Within 1 year	0.6%
1-2 years	44.2%
3-5 years	43.6%
Over 5 years	11.6%

PLEDGE OF ASSETS

At 30 June 2014, properties of the Group with a total carrying value of approximately HK$58,147 million (31 December 2013: HK$57,509 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

At 30 June 2014, the Group has authorised capital expenditure for investment properties and property, plant and equipment which is not provided for in these consolidated financial statements amounting to HK$192 million (31 December 2013: HK$104 million) of which HK$100 million (31 December 2013: HK$77 million) was contracted for.

At 30 June 2014, the Group has outstanding financial commitment in respect of capital injection to a joint venture of RMB25.8 million (equivalent to HK$33 million) (31 December 2013: RMB25.8 million).

On 15 April, 2014, the Group entered into two Cooperation Agreements with China Orient Asset Management (International) Holding Limited relation to the formation of the China Investment Fund ("China Fund") and the U.S. Real Estate Fund ("U.S Fund"). The total capital commitment (in form of respective cash and injection of the properties) of the Group in the China Fund and the U.S. Fund will be approximately US$110 million and US$230 million respectively. Formation of China Fund was completed on 4 June 2014. Both Funds have not yet called for capital injection by the end of the reporting period.

On 30 May 2014, the Group signed a sale and purchase agreement for the acquisition of a hotel property located at Washington D.C., USA at the final consideration of US$71.625 million. Deposit of US$12.5 million was paid by the end of the reporting period. Closing was completed on 15 July 2014.

Subsequent to the end of the reporting period, the Group decided to invest, effectively as a limited partner, US$50 million in the fund managed by the experienced Redwood Peak Partners (the "Fund"). In addition to the limited partner interest, the Group had also obtained a 25% equity stake in the general partner vehicle managing the Fund and is therefore entitled to share in future management and/or performance fees earned by the general partner vehicle. Closing of the subscription was completed on 30 July 2014. Since the transaction constituted a connected transaction under the Listing Rules, a separate announcement containing relevant details was issued by the Group on the same day.

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

REVIEW OF INTERIM RESULTS

The unaudited financial statements for the six months ended 30 June 2014 were prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), and have been reviewed by the Audit Committee of the Company, and by Deloitte Touche Tohmatsu, the independent auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

INTERIM DIVIDEND

The Board of Directors of the Company has resolved to declare an interim dividend of HK27 cents per share (the “2014 Interim Dividend”) (2013: HK23 cents per share and a special interim dividend of HK$1.00 per share) for the six months ended 30 June 2014, payable on 17 October 2014 to the Shareholders whose names appear on the Registers of Members of the Company on Wednesday, 8 October 2014.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Friday, 3 October 2014 to Wednesday, 8 October 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the 2014 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 Tuesday, 30 September 2014.

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 disclosure requirements as set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), 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 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. 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. Meanwhile, the day-to-day management and operation of the Group are delegated to divisional management under the leadership and supervision of Dr. Lo in the role of Managing Director who is supported by Mr. Lo Kai Shui, as the Deputy Managing Director, and Mr. Kan Tak Kwong, as the General Manager.

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

While the Bye-laws of the Company requires that one-third of the Directors (other than the Executive Chairman and Managing Director) should retire by rotation, the Non-executive Directors (including the Independent Non-executive Directors) have no fixed term of office. The Board considers that the provisions in the Bye-laws of the Company and its corporate governance measures are no less exacting than those prescribed by CG Code Provision A.4.1 and therefore does not intend to take any steps in this regard.

CG Code Provision A.4.2 requires that every director should be subject to retirement by rotation at least once every three years

Under the existing Bye-laws of the Company, the Executive Chairman and Managing Director of the Company are not subject to retirement by rotation. The same provision is contained in The Great Eagle Holdings Limited Company Act, 1990 of Bermuda. As such, Directors who hold the offices of either the Executive Chairman or the Managing Director of the Company are by statute not required to retire by rotation. After due consideration, in particular to the legal costs and procedures involved, the Board considers that it is not desirable to propose any amendment to The Great Eagle Holdings Limited Company Act, 1990 for the sole purpose of subjecting the Executive Chairman and Managing Director of the Company to retirement by rotation.

CG Code Provision B.1.5 requires that details of any remuneration payable to members of senior management should be disclosed by band in 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 the Shareholders. The Board considers that our current approach in disclosing the emoluments of Directors on named basis and that of the five highest paid individuals of the Group in the forms of aggregate amount and by bands in our annual reports is appropriate to maintain the equilibrium between transparency and privacy.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted its own Code of Conduct regarding Securities Transactions by Directors and Relevant Employees of the Company (the "Code of Conduct for Securities Transactions") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules and the same is updated from time to time in accordance with the Listing Rules requirements.

Having made specific enquiry, all Directors and relevant employees of the Company have confirmed that they have fully complied with the Code of Conduct for Securities Transactions throughout the six months ended 30 June 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

NEW SHARES ISSUED

As at 30 June 2014, the total number of issued shares of the Company was 655,736,451. As compared with the position of 31 December 2013, a total of 16,460,487 new shares were issued during the period. These new shares comprise the following:

- During the period, 754,000 new shares were issued pursuant to exercise of share options under the Share Option Scheme of the Company by Directors and employees of the Company or its subsidiaries. Total funds raised therefrom amounted to HK$15,421,760.

- On 18 June 2014, a total of 15,706,487 new shares at a price of HK$26.44 per share were issued to the Shareholders who had elected to receive scrip shares under the Scrip Dividend Arrangement in respect of the 2013 final dividend and special final dividend.

PUBLIC FLOAT

As at the date of this announcement, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintains a sufficient public float with more than 25% of the issued shares of the Company being held by the public.

EMPLOYEES

During the period, there is no material change in the number of employees of the Group. Salary levels of employees are competitive and discretionary bonuses are granted based on performance of the Group as well as performance of individual employees. Other employee benefits include educational allowance, insurance, medical scheme and provident fund schemes. Senior employees (including executive directors) are entitled to participate in the Great Eagle Holdings Limited Share Option Scheme.

CORPORATE SOCIAL RESPONSIBILITY

Our CSR vision “Create Value, Improve Quality of Life” is based on our belief that CSR will create long-term value for our customers, partners, investors, employees and community. We pursue this by embracing opportunities and managing risks derived from economic, environmental and social developments, and making informed decisions by engaging with our stakeholders. 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, all employees are required to have high level of CSR awareness and involvement. To achieve this, we strive to embed CSR into our organisational culture through internal and external promotion, communication, education and engagement. We aim to integrate our CSR commitments into all of our operations. A Corporate Social Responsibility Policy was established by the Group in 2012. This policy defines our commitments to CSR, which are in line with the seven core subjects specified in ISO 26000 – Guidance on Social Responsibility. Our efforts in CSR are reflected in being selected as a constituent member of Hang Seng corporate Sustainability Benchmark Index since its inception in 2011.

BOARD OF DIRECTORS

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

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

Hong Kong, 21 August 2014

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	NOTES	**Six Months Ended 30 June**	
		2014	2013
		HK$'000	HK$'000
		(unaudited)	(unaudited)
Revenue	3	**3,949,207**	3,402,675
Cost of goods and services		**(2,245,620)**	(1,863,740)
Operating profit before depreciation		**1,703,587**	1,538,935
Depreciation		**(240,473)**	(186,475)
Operating profit		**1,463,114**	1,352,460
Fair value changes on investment properties		**(143,768)**	794,670
Fair value changes on derivative financial instruments		**182**	(242)
Fair value changes on financial assets designated at fair value through profit or loss		**(117)**	-
Fair value change of derivative components of convertible bonds		**-**	308,236
Gain on conversion of convertible bonds		**-**	29,302
Other income		**192,924**	29,990
Administrative expenses		**(154,560)**	(173,856)
Other expenses		**(169,547)**	(17,585)
Finance costs	5	**(302,709)**	(264,946)
Share of results of associates		**764**	632
Share of results of a joint venture		**(19,039)**	(9,560)
Profit before tax	6	**867,244**	2,049,101
Income taxes	7	**(284,723)**	(127,175)
Profit for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT		**582,521**	1,921,926
Profit (loss) for the period attributable to:			
Owners of the Company		**472,803**	1,272,332
Non-controlling interests		**51,725**	(7,282)
		524,528	1,265,050
Non-controlling unitholders of Champion REIT		**57,993**	656,876
		582,521	1,921,926
Earnings per share:	9		
Basic		**HK$0.72**	HK$2.00

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Six Months Ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	**582,521**	1,921,926
Other comprehensive income (expense):		
Items that may be subsequently reclassified to profit or loss:		
Fair value gain (loss) on available-for-sale investments	**2,965**	(9,639)
Reclassification adjustment upon disposal of available-for-sale investments	**(44,686)**	-
Exchange differences arising on translation of foreign operations	**110,034**	(232,272)
Share of other comprehensive (expense) income of associates	**(84)**	915
Share of other comprehensive (expense) income of a joint venture	**(16,802)**	9,998
Cash flow hedges:		
Fair value adjustment on cross currency swaps designated as cash flow hedge	**21,931**	(12,184)
Reclassification of fair value adjustments in profit or loss	**(2,934)**	(5,375)
Other comprehensive income (expense) for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**70,424**	(248,557)
Total comprehensive income for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**652,945**	1,673,369
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**535,573**	1,031,123
Non-controlling interests	**51,722**	(7,282)
	587,295	1,023,841
Non-controlling unitholders of Champion REIT	**65,650**	649,528
	652,945	1,673,369

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014

	NOTES	**At 30 June 2014 HK$'000 (unaudited)**	At 31 December 2013 HK$'000 (audited)
Non-current assets			
Property, plant and equipment		**13,696,460**	13,390,302
Investment properties		**68,234,599**	68,586,519
Deposit for acquisition of a hotel property		**96,894**	-
Interests in associates		**347,954**	391,939
Interest in a joint venture		**594,859**	630,700
Available-for-sale investments		**1,377,067**	1,159,141
Derivative financial instruments		**-**	43
Notes receivable		**109,133**	186,304
Restricted cash		**13,391**	13,048
		84,470,357	84,357,996
Current assets			
Property under development		**2,412,000**	-
Inventories		**125,165**	106,490
Debtors, deposits and prepayments	10	**671,912**	604,243
Financial assets designated at fair value through profit or loss		**309,000**	1,851,224
Derivative financial instruments		**995**	771
Notes receivable		**65,486**	8,875
Tax recoverable		**49,666**	63,634
Short term loan receivable		**67,051**	67,072
Bank balances and cash		**9,963,912**	10,711,723
		13,665,187	13,414,032
Current liabilities			
Creditors, deposits and accruals	11	**3,092,408**	2,933,907
Provision for taxation		**192,119**	116,386
Distribution payable		**233,866**	250,202
Borrowings due within one year		**150,048**	7,042,379
		3,668,441	10,342,874
Net current assets		**9,996,746**	3,071,158
Total assets less current liabilities		**94,467,103**	87,429,154

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2014

	At 30 June 2014 HK$'000 (unaudited)	At 31 December 2013 HK$'000 (audited)
Non-current liabilities		
Derivative financial instruments	**22,984**	41,833
Borrowings due after one year	**23,157,556**	16,281,686
Medium term note	**3,066,189**	3,065,494
Deferred taxation	**1,101,920**	953,067
	27,348,649	20,342,080
	67,118,454	67,087,074
Equity attributable to:		
Owners of the Company		
Share capital	**327,868**	319,638
Share premium and reserves	**50,098,138**	49,636,387
	50,426,006	49,956,025
Non-controlling interests	**(929,084)**	(855,761)
	49,496,922	49,100,264
Net assets attributable to non-controlling unitholders of Champion REIT	**17,621,532**	17,986,810
	67,118,454	67,087,074

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. 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 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost includes the cost of land. Net realisable value is determined by management based on prevailing market conditions.

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

The application of the new Interpretation and amendments to 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.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective. The following new or revised standards have been issued after the date of the consolidated financial statements for the year ended 31 December 2013 were authorised for issuance and not yet effective:

Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 15	Revenue from Contracts with Customers[2]

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2017.

3. REVENUE

Revenue represents the aggregate of gross rental income, building management service income, income from hotel operations, proceeds from sales of building materials, dividend income from investments, property management and maintenance income, property agency commission and income from fitness centre and restaurant operations.

	Six Months Ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Property rental income	**1,242,810**	1,093,025
Building management service income	**118,254**	106,130
Hotel income	**2,374,955**	2,029,477
Sales of goods	**101,768**	81,964
Dividend income	**25,550**	3,375
Others	**85,870**	88,704
	3,949,207	3,402,675

4. SEGMENT INFORMATION

Operating segments are identified on the basis of organisational structure and internal reports about components of the Group. Such internal reports are regularly reviewed by the chief operating decision maker ("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 Real Estate Investment Trust ("Champion REIT") and Langham Hospitality Investments and Langham Hospitality Investments Limited ("Langham"). 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.

4. SEGMENT INFORMATION - continued

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, derivative financial instruments and financial assets designated at fair value through profit or loss, 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.

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 2014

	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	217,132	2,374,955	213,188	2,805,275	1,141,411	2,521	-	3,949,207
Inter-segment revenue	-	37,065	157,817	194,882	13,591	365,766	(574,239)	-
Total	217,132	2,412,020	371,005	3,000,157	1,155,002	368,287	(574,239)	3,949,207

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	134,315	202,877	252,716	589,908	810,229	305,346	(1,896)	1,703,587
Depreciation				(163,509)	-	(76,964)	-	(240,473)
Operating profit after depreciation				426,399	810,229	228,382	(1,896)	1,463,114
Fair value changes on investment properties				245,946	(389,714)	-	-	(143,768)
Fair value changes on derivative financial instruments				182	-	-	-	182
Fair value changes on financial assets designated at FVTPL				(117)	-	-	-	(117)
Other income				47,323	-	-	-	47,323
Administrative expenses				(142,037)	(9,100)	(5,319)	1,896	(154,560)
Other expenses				(155,777)	24	(13,794)	-	(169,547)
Net finance costs				49,488	(151,523)	(55,073)	-	(157,108)
Share of results of associates				764	-	-	-	764
Share of results of a joint venture				(19,039)	-	-	-	(19,039)
Profit before tax				453,132	259,916	154,196	-	867,244
Income taxes				(138,754)	(111,861)	(34,108)	-	(284,723)
Profit for the period				314,378	148,055	120,088	-	582,521
Less: Profit attributable to non-controlling interests / non-controlling unitholders of Champion REIT				(1,228)	(57,993)	(50,497)	-	(109,718)
Profit attributable to owners of the Company				313,150	90,062	69,591	-	472,803

4. SEGMENT INFORMATION - continued

Segment revenue and results - continued

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 expenses				(130,014)	(9,851)	(35,870)	1,879	(173,856)
Other expenses				(17,780)	195	-	-	(17,585)
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 (loss) attributable to owners of the Company				370,407	912,719	(10,794)	-	1,272,332

5. FINANCE COSTS

	Six Months Ended 30 June	
	2014 **HK$'000** **(unaudited)**	2013 HK$'000 (unaudited)
Interest on bank borrowings wholly repayable within five years	**160,500**	99,950
Interest on other loans wholly repayable within five years	**40,515**	17,326
Interest on convertible bonds wholly repayable within five years	**-**	69,969
Interest on medium term note not wholly repayable within five years	**57,839**	52,618
Other borrowing costs	**43,855**	25,083
	302,709	264,946

6. PROFIT BEFORE TAX

	Six Months Ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging (crediting):		
Staff costs (including directors' emoluments)	**1,061,210**	884,481
Share based payments (including directors' emoluments)	**8,903**	6,199
	1,070,113	890,680
Depreciation	**240,473**	186,475
Reversal of allowance for doubtful debts, net	**-**	(1,449)
Recovery of bad debts written off	**(1,267)**	-
Share of tax of associates (included in the share of results of associates)	**1,110**	3,902
Dividend income from listed investments	**(25,550)**	(3,375)
Bank interest income (included in other income)	**(121,704)**	(26,958)
Interest income received from other financial assets (included in other income)	**(23,897)**	(168)
Net gain on disposal of listed available-for-sale investments	**(44,686)**	-
Loss (gain) on disposal of property, plant and equipment	**93**	(75)
Net exchange loss (recognised as other expenses)	**169,547**	17,585
Listing expenses in relation to the spin-off of Langham (note)	**-**	45,521

Note: The amount during the six months ended 30 June 2013 represented the portion of listing expenses recognised in the profit or loss of which HK$34,695,000 was borne by Langham.

7. INCOME TAXES

	Six Months Ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
Current period:		
Hong Kong Profits Tax	**108,770**	92,015
Other jurisdictions	**25,870**	11,771
	134,640	103,786
Underprovision in prior periods:		
Hong Kong Profits Tax	**2,625**	9,694
Other jurisdictions	**6,433**	4,159
	9,058	13,853
	143,698	117,639
Deferred tax:		
Current period	**151,470**	1,394
(Over)underprovision in prior periods	**(10,445)**	8,142
	141,025	9,536
	284,723	127,175

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.

8. DIVIDENDS

	Six Months Ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends paid:		
Final dividend of HK43 cents in respect of the financial year ended 31 December 2013 (2013: HK43 cents in respect of the financial year ended 31 December 2012) per ordinary share	**275,199**	272,684
Special final dividend of HK50 cents in respect of the financial year ended 31 December 2013 (2013: nil) per ordinary share	**320,000**	-
	595,199	272,684
Dividends declared:		
Interim dividend of HK27 cents in respect of the six months ended 30 June 2014 (2013: HK23 cents in respect of the six months ended 30 June 2013) per ordinary share	**177,049**	147,027
Special interim dividend of HK$1 in respect of the six months ended 30 June 2013 per ordinary share	-	639,250
	177,049	786,277

On 18 June 2014, a final dividend of HK43 cents and a special dividend of HK50 cents (2013: final dividend of HK43 cents) per ordinary share, which included scrip dividend alternatives offered to shareholders, were paid to shareholders as the final dividend in respect of the financial year ended 31 December 2013. The scrip dividend alternatives were accepted by the shareholders as follows:

	Six Months Ended 30 June	
	2014	2013
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends		
Cash	**179,919**	113,129
Share alternative	**415,280**	159,555
	595,199	272,684

The Directors have determined that an interim dividend of HK27 cents (2013: interim dividend of HK23 cents and a special interim dividend of HK$1) per ordinary share will be paid to the shareholders of the Company whose names appear in the Register of Members on 8 October 2014.

9. EARNINGS PER SHARE

	Six Months Ended 30 June	
	2014	2013
	(unaudited)	(unaudited)
Earnings per share:		
Basic	**HK$0.72**	HK$2.00
Diluted	**HK$0.72**	HK$1.62

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	
	2014	2013
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**472,803**	1,272,332
Adjustment to earnings on assumed conversion of convertible bonds in Champion REIT (note)	**-**	(235,262)
Earnings for the purpose of diluted earnings per share	**472,803**	1,037,070

	Six Months Ended 30 June	
	2014	2013
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**655,438,169**	637,501,052
Effect of dilutive potential shares:		
Share options	**609,603**	1,664,932
Weighted average number of shares for the purpose of diluted earnings per share	**656,047,772**	639,165,984

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.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2014 HK$'000 (unaudited)	31 December 2013 HK$'000 (audited)
Trade debtors, net of allowance for doubtful debts	**309,830**	301,250
Deferred rent receivables	**99,058**	101,931
Other receivables	**78,787**	74,029
Deposits and prepayments	**184,237**	127,033
	671,912	604,243

For sales of goods, the Group allows an average credit period of 30 - 60 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. For hotel income, the Group allows a credit period of 30 days to certain customers.

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

	30 June 2014 HK$'000 (unaudited)	31 December 2013 HK$'000 (audited)
0 - 3 months	**222,258**	226,481
3 - 6 months	**13,494**	14,740
Over 6 months	**74,078**	60,029
	309,830	301,250

Deposits and prepayments mainly consist of deposits paid to contractors for hotels renovation and prepaid expenses for hotels operations.

11. CREDITORS, DEPOSITS AND ACCRUALS

	30 June 2014 HK$'000 (unaudited)	31 December 2013 HK$'000 (audited)
Trade creditors	**205,451**	191,674
Deposits received	**764,789**	708,124
Construction fee payable and retention money payable	**11,587**	11,844
Accruals, interest payable and other payables	**2,110,581**	2,022,265
	3,092,408	2,933,907

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

	30 June 2014 HK$'000 (unaudited)	31 December 2013 HK$'000 (audited)
0 - 3 months	**171,448**	179,568
3 - 6 months	**9,366**	1,295
Over 6 months	**24,637**	10,811
	205,451	191,674

Included in accruals and other payables is accrual of stamp duty of HK$963,475,000 (31 December 2013: HK$963,475,000) which is based on the current applicable stamp duty rate of 4.25% (31 December 2013: 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 and an accrual for stamp duty of HK$91,600,000 (31 December 2013: HK$91,600,000) in regards to the acquisition of certain properties in Citibank Plaza during the year ended 31 December 2013.

Apart from the above, accruals and other payables mainly consist of accrued renovation and operating expenses for the hotels.