鷹君集團有限公司
Great Eagle Holdings Limited
於百慕達註成立之有限公司
Incorporated in Bermuda with limited liability

(Stock Code: 41)

2012 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of Great Eagle Holdings Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 as follows:

	Year ended 31 December		
	2012	2011	
Key Financial Figures	***HK$ million***	***HK$ million***	**Change**
Based on core business			
Revenue from core business	**5,679.8**	**5,320.5**	**6.8%**
Core profit after tax attributable to equity holders	**1,802.1**	**1,687.1**	**6.8%**
Core profit after tax attributable to equity holders (per share)	**HK$2.86**	**HK$2.67**	
Based on statutory accounting principles			
Revenue based on statutory accounting	**4,993.3**	**4,746.3**	**5.2%**
Statutory Profit attributable to equity holders	**3,551.8**	**4,227.2**	**-16.0%**
Interim Dividend (per share)	**HK$0.23**	**HK$0.21**	
Final Dividend (per share)	**HK$0.43**	**HK$0.40**	
Total Dividend (per share)	**HK$0.66**	**HK$0.61**	

	As at the end of	
	Dec 2012	Dec 2011
Net Gearing	**1%**	**3%**
Book value (per share)	**HK$58.5**	**HK$53.4**

On the basis of core business, figures exclude fair value changes relating to the Group's properties and financial assets, and are based on attributable dividend income from Champion REIT, which the Group believes to be a more meaningful measure of return from our investment in the REIT. Whereas financial figures prepared under statutory accounting principles are based on applicable accounting standards, which include fair value changes and incorporate share of results of Champion REIT as our investment was classified as an associate company. In fact, the decline in statutory profit in 2012 from the prior year was primarily due to lower share of results of Champion REIT, given lower revaluation surplus booked for the REIT's properties in 2012. The following management's discussion and analysis focuses on core businesses of the Group.

For financials prepared under statutory accounting principles, it should be noted that due to changes on considerations for consolidating interests in other entities, our investment in Champion REIT will be reclassified from an associate to a subsidiary. Consequently, the Group will consolidate results of Champion REIT from 2013 onwards. This will have an impact on financials prepared based on statutory accounting principles, but will not have an impact on the Group's core profit for equity holders which is currently based on attributable distributions from the REIT. There are more details of such change under "Income from Champion Real Estate Investment Trust".

Financial Figures based on Core business

	Year ended 31 December		
	2012	**2011**	**Change**
	HK$ million	**HK$ million**	
Revenue from core business			
Hotels Division	**4,094.7**	**3,903.5**	**4.9 %**
Gross Rental Income	**301.1**	**295.3**	**2.0 %**
Management Fee Income from Champion	**272.8**	**264.3**	**3.2 %**
Dividend Income from Champion REIT	**686.5**	**574.1**	**19.6 %**
Other operations	**324.7**	**283.3**	**14.6 %**
	5,679.8	**5,320.5**	**6.8%**
Operating Income			
Hotel EBITDA	**1,045.8**	**1,023.1**	**2.2 %**
Net Rental Income	**196.4**	**175.8**	**11.7 %**
Management Fee Income from Champion	**272.8**	**264.3**	**3.2 %**
Dividend Income from Champion REIT	**686.5**	**574.1**	**19.6 %**
Operating Income from other operations	**100.5**	**101.1**	**- 0.6 %**
	2,302.0	**2,138.4**	**7.7 %**

Depreciation and amortisation	**(134.9)**	**(124.0)**	**8.8 %**
Administration expenses	**(236.7)**	**(222.6)**	**6.3 %**
Other income/(expense)	**15.9**	**(14.3)**	**- 211.2%**
Interest income	**125.4**	**167.9**	**- 25.3%**
Finance costs	**(107.6)**	**(100.0)**	**7.6 %**
Share of results of associates	**39.1**	**19.5**	**100.5 %**
Share of results of a jointly controlled entity	**(9.9)**	**(9.0)**	**10.0 %**
Core profit before taxation	**1,993.3**	**1,855.9**	**7.4 %**
Taxes	**(190.4)**	**(168.8)**	**12.8 %**
Core profit after tax	**1,802.9**	**1,687.1**	**6.9 %**
Non-controlling interest*	**(0.8)**	**-**	**n.a.**
Core profit after tax attributable to equity holders	**1,802.1**	**1,687.1**	**6.8 %**

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

Financial Figures based on Statutory Accounting Principles

	Year ended 31 December		
	2012	**2011**	**Change**
	HK$ million	**HK$ million**	
Revenue based on statutory accounting principles			
Hotels Division	**4,094.7**	**3,903.5**	**4.9 %**
Gross Rental Income	**301.1**	**295.3**	**2.0 %**
Management Fee Income from Champion	**272.8**	**264.3**	**3.2 %**
Other operations	**324.7**	**283.3**	**14.6 %**
	4,993.3	**4,746.4**	**5.2 %**
Operating Income			
Hotel EBITDA	**1,045.8**	**1,023.1**	**2.2 %**
Net Rental Income	**196.4**	**175.8**	**11.7 %**
Management Fee Income from Champion	**272.8**	**264.3**	**3.2 %**

Operating income from other operations	**100.5**	**101.1**	**-0.6 %**
	1,615.5	**1,564.3**	**3.3 %**
Depreciation and amortisation	**(372.6)**	**(362.1)**	**2.9 %**
Fair value changes on investment properties	**435.0**	**678.7**	**- 35.9 %**
Net gain (loss) on derivative financial instruments	**43.7**	**(614.9)**	**-107.1 %**
Impairment loss for hotel properties	**-**	**(90.9)**	**n.a.**
Administration expenses	**(236.7)**	**(222.6)**	**6.3 %**
Other income/(expense)	**15.9**	**(14.3)**	**- 211.2%**
Interest income	**140.0**	**191.3**	**- 26.8%**
Finance costs	**(107.6)**	**(100.0)**	**7.6 %**
Share of results of associates, including share of results of Champion REIT	**2,252.1**	**3,375.8**	**- 33.3 %**
Share of results of a jointly controlled entity	**(9.9)**	**(9.0)**	**10.0 %**
Statutory profit before taxation	**3,775.4**	**4,396.3**	**-14.1 %**
Taxes	**(222.8)**	**(169.1)**	**31.7 %**
Statutory profit after tax	**3,552.6**	**4,227.2**	**- 16.0 %**
Non-controlling interest*	**(0.8)**	**-**	**n.a.**
Statutory profit attributable to equity holders	**3,551.8**	**4,227.2**	**- 16.0 %**

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

OVERVIEW

While 2012 marked another year of ongoing uncertainties in the global economies, the Group managed to deliver improved performance for the year. Revenue from core business increased 6.8% to HK$5,680 million in 2012 (2011: HK$5,321 million). The increase was primarily due to higher contribution from the Hotels Division, followed by higher distribution income from Champion REIT.

Given the increase in revenue, operating income of the Group rose 7.7% to HK$2,302 million in 2012 (2011: HK$2,138 million). Core profit after tax attributable to equity holders of the Group increased 6.8% to HK$1,802 million in 2012 (2011: HK$1,687 million).

Taking advantage of weak asset prices amidst the economic uncertainties, we undertook two expansion initiatives, including acquisition of a 96-key hotel in downtown Sydney and pending acquisition of a 214-key hotel in midtown Manhattan, New York, to strengthen our asset base and to expand the Langham network globally during 2012.

On January 24, 2013, we have announced our intention to spin off a stake of not more than 49% in our three hotels in Hong Kong. That would help unlock the value of the assets and increase financial resources available for the Group. The consummation of the plan will however depend on many factors including market conditions at the time. The proposed spin-off may or may not take place as currently planned.

HOTELS DIVISION

	Year ended 31 December		
	2012	**2011**	**Change**
	HK$ million	**HK$ million**	
Hotel Revenue			
Hong Kong	**1,620.0**	**1,481.7**	**9.3%**
Europe	**528.7**	**519.3**	**1.8%**
North America	**1,132.5**	**1,136.7**	**- 0.4%**
Australia/New Zealand	**756.3**	**701.1**	**7.9%**
Others	**57.2**	**64.7**	**-11.6%**
Total Hotel Revenue	**4,094.7**	**3,903.5**	**4.9%**
Hotel EBITDA			
Hong Kong	**642.7**	**562.7**	**14.2%**
Europe	**147.5**	**158.2**	**- 6.8%**
North America	**109.0**	**117.2**	**- 7.0%**
Australia/New Zealand	**122.4**	**154.1**	**- 20.6%**
Others	**24.2**	**30.9**	**-21.7%**
Total Hotel EBITDA	**1,045.8**	**1,023.1**	**2.2%**

Our three hotels in Hong Kong continued to benefit from an increase in tourist arrivals from Mainland China, as well as other countries in the Asia-Pacific region. As the increase in revenue for the hotels in Hong Kong was driven largely by higher room rates, EBITDA of the Hong Kong hotels grew at a faster rate than the growth in its revenue in 2012.

However, subdued economic conditions overseas have resulted in stagnant revenue growth for our overseas hotels as a whole. Excluding the revenue from the newly acquired hotel in Sydney, the combined revenue of the overseas hotels was almost unchanged in 2012. Given lower profit margins for the overseas hotels, and to a lesser extent, rebranding costs incurred for the Sydney hotel, EBITDA of the overseas hotels declined in 2012.

Hotels Performance

	Rooms Available		**Occupancy**		**Average Room Rate (local currency)**		**RevPar (local currency)**	
	2012	2011	2012	2011	2012	2011	2012	2011
The Langham, Hong Kong	495	495	86.1%	81.4%	2,239	2,128	1,927	1,732
Langham Place, Hong Kong	653	649	89.2%	87.2%	1,866	1,788	1,665	1,559
Eaton Smart, Hong Kong	445	461	94.9%	87.9%	1,198	1,079	1,138	949
The Langham, London	379	378	76.3%	77.6%	274	271	209	210
The Langham, Melbourne	374	370	81.9%	78.3%	261	266	214	208
The Langham, Sydney	95	n.a.	77.3%	n.a.	296	n.a.	229	n.a.
The Langham, Auckland	411	411	70.1%	68.9%	181	226	127	156
The Langham, Boston	318	318	67.1%	69.3%	242	234	163	162
The Langham Huntington, Pasadena	380	380	72.7%	65.5%	219	211	159	138
Delta Chelsea Toronto	1,590	1,590	70.4%	72.7%	125	127	88	92
The Langham, Xintiandi, Shanghai (33.3% owned)	350	211	58.1%	51.4%	1,551	1,574	901	808

The Langham, Hong Kong

The increase in room revenue for Langham Hong Kong in 2012 was driven by a balanced mix of average room rate and occupancy growth. The hotel has enjoyed continued growth in retail and leisure business from Mainland China and countries of the Asia Pacific region in 2012, which more than offset the slow-down in corporate travel from Europe and the US. As a result, occupancy increased by 4.7 percentage points in 2012 to 86.1% (2011: 81.4%) while average room rates increased 5.2% year-on-year to HK$2,239 (2011: HK$2,128).

Revenue from food and beverage rose 11% year-on-year in 2012, given growth in banquet business from wedding and corporate functions.

Langham Place, Hong Kong

In 2012, the hotel witnessed an increase in corporate and leisure travellers from Mainland China and other countries in the Asia Pacific region, in particular, travellers from Australia, as well as growth in demand from the USA. As a result, the hotel managed to raise its average room rate by 4.3% to HK$1,866 (2011 HK$1,788), and average occupancy by 2 percentage points from 87.2% in 2011 to 89.2% in 2012.

Revenue from food and beverage rose 6% over that of 2011 due to increased corporate meetings and events, although business from the restaurants was impacted by the renovation of the Chinese restaurant during the third quarter of 2012.

Eaton Smart, Hong Kong

The underlying trend for demand remained in place for the Eaton Hotel in 2012. There was not only increased demand from Mainland China and the Asia Pacific region but also from the U.S. and Europe. As a result, average occupancy rose to 94.9% in 2012 (2011 87.9%). Average room rate also rose 11% from HK$1,079 in 2011 to HK$1,198 in 2012. The performance was however impacted by renovation works on approximately one-fifth of its guest rooms (94 rooms) in the third quarter of 2012. Although RevPAR continued to increase in the third quarter on a reduced number of rooms available, the growth in revenue in the second half of 2012 was slower than that achieved in the first half of 2012.

Revenue from food and beverage rose 7% in 2012, which was led by improved catering business, as well as better performance of the Japanese restaurant.

OVERSEAS HOTELS

EUROPE

The Langham, London

Against financial uncertainties in the Eurozone, the hotel managed to grow total revenue by 3% in 2012. Nonetheless, the increase in corporate business during the Olympics event was offset by reduced demand for rooms for the remainder of 2012, as well as with travellers staying away from the city due to fears over transport issues and accommodation pricing in the build-up to the Olympics. The revenue from rooms in 2012 only remained at similar levels as those in 2011. Average occupancy came to 76.3% in 2012 (2011: 77.6%), while average room rate was £274 in 2012 (2011: £271).

Revenue from food and beverage rose 11% in 2012, due to increased catering business particularly during the Olympics event.

AUSTRALIA/NEW ZEALAND

The Langham, Melbourne

Given softer demand from corporate travellers in 2012, the hotel switched its focus to secure more weekend retail leisure travellers, although that resulted in a slight drop in average room rate from

A$266 in 2011 to A$261 in 2012. The renovation comprising 102 rooms was completed in the third quarter of 2012, which has enabled the hotel to offer an up-to-date product to compete for market share. There was an increase in average occupancy from 78.3% in 2011 to 81.9% 2012.

Revenue from food and beverage rose 10% year-on-year in 2012, due to an increased number of guests with higher average spending from the catering and restaurant business.

The Langham, Sydney

We completed the acquisition of the 96-key Observatory Hotel in downtown Sydney and rebranded it as a Langham in August 2012. Over the reporting period of approximately five months, the hotel has gradually built market share and gained brand recognition. It had an average occupancy of 77.3%, while average room rate was A$296. However, due to the booking a one-time rebranding cost, the hotel incurred a loss for the period, though EBITDA was positive.

The Langham, Auckland

Revenue in 2012 fell from the high base of 2011, when the Rugby World Cup was held in New Zealand. Overall demand from the corporate segment was also weak in 2012. The hotel compensated for that with increased business from the retail leisure segment, which led to a stable average occupancy rate of 70.1% in 2012 (2011: 68.9% and 2010: 66%). However the average room rate of NZ$181 in 2012 represented a decline of 20% from the high base of the previous year (2011: NZ$226 and 2010: NZ$174).

Revenue from food and beverage rose 5% year-on-year in 2012 and was driven by steady contribution from both catering and restaurant business

NORTH AMERICA

The Langham, Boston

Although hotel business gained some momentum in the second quarter of 2012 with increased activity in citywide conventions, business from the corporate segment started to slow down from the third quarter onwards. Revenue from rooms was stable in 2012, with the slowdown in corporate business offset by increased market share in the leisure segment. Average occupancy for 2012 was down by 2.2 percentage points to 67.1% in 2012 from 69.3% in 2011. There was however a growth in average room rates to US$242 in 2012, as compared to US$234 in 2011.

Revenue from food and beverage dropped 4% year-on-year in 2012, mainly due to a reduction in covers from catering and at the Bond restaurant. The completion of the Lobby renovation combined with the opening of The Reserve lounge in the fourth quarter has given the hotel a more luxurious appearance.

The Langham Huntington, Pasadena, Los Angeles

The turnaround at this hotel in Los Angeles continued in 2012, benefitting from a gradual improvement in the local market. The return of corporate group business helped underpin an increase in occupancy to 72.7% in 2012 (2011: 65.5%). Average room rate achieved increased

3.9% to US$219 from US$211 in 2011. Revenue from food and beverage also rose by 12% year-on-year with more corporate meetings and events. With a year-on-year RevPAR increase of 15.2%, EBITDA almost doubled in 2012.

Delta Chelsea Hotel, Toronto

Both room rates and occupancy were under pressure for the hotel in 2012, given the stagnant lodging market and a lack of citywide conventions in Toronto. In addition to a decline of 2.2 percentage points in occupancy rate, average room rate achieved was also lowered in 2012, as the hotel secured more lower-yield leisure business to compensate for the reduction in both group and corporate business. Average room rate for the hotel came to C$125 in 2012, as compared with C$127 in 2011. Occupancy was 70.4% in 2012 (2011: 72.7%). Revenue from food and beverage dropped 7% year-on-year in 2012, due to reduced demand for caterings.

The Chelsea Toronto is the only hotel that we own but not managed by ourselves. We will assume the management of this hotel and will rebrand it from the second half of 2013.

CHINA

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

The hotel achieved healthy results with total revenue almost doubling in 2012 from that of 2011, as it became fully operational with the majority of its rooms available from January 2012. Occupancy for the hotel increased to 58.1% on an average inventory of 350 rooms in 2012 (2011: 51.4% on an average of 190 rooms), though intense competition in the local market resulted in a slight decline in average room rate to ¥1,551 in 2012 (2011: ¥1,574). Food and beverage showed a strong performance with good contribution from banquets and the restaurant. EBITDA of the hotel turned positive in 2012.

PROJECT UNDER DEVELOPMENT

Langham Hotel, Chicago

In December 2010, the Group acquired a 100% interest in a property at 330 Wabash Avenue (previously known as the IBM Building) in Downtown Chicago, USA for conversion into a 330-key luxury hotel. Full-scale construction commenced in the first quarter of 2012 with completion scheduled for the third quarter of 2013.

ASSET ACQUISITIONS

We made an announcement on October 7, 2012 on the possible acquisition of a hotel with 214 rooms in Manhattan, New York, for US$229 million. The closing did not take place as originally scheduled on January 15, 2013 as some of the closing conditions had not yet been satisfied by the vendor. We will issue a further announcement as soon as a date for a closing has been fixed. In the mean time the sale and purchase agreement remains in full force and effect.

HOTEL MANAGEMENT BUSINESS

In the third quarter of 2012, two new hotels in Mainland China, namely the Langham Shenzhen and the Eaton Luxe Xinqiao in Shanghai, join the ranks of third-party hotels managed by Langham Hotels International. These openings brought the number of hotels in our management portfolio to eight with approximately 1,700 rooms at the end of 2012. Except for a 33.3% stake in the Langham Xintiandi, the Group has no equity stakes in these hotels.

During 2012, another five long-term hotel management contracts were added to the pipeline of hotels under management. All of these hotels are located in China, including a 300-room Langham Hotel in Xiamen, three Langham Place Hotels in Datong, Qingdao and Haining with 300, 280 and 267 rooms respectively, and one Eaton Luxe Hotel in Qingdao with 500 rooms.

DEVELOPMENT PROJECTS

DALIAN MIXED-USE DEVELOPMENT PROJECT

The Group has a 50% equity interest in this mixed-use development project and acts as the project manager. The project, located in Dalian's Donggang area, comprises approximately 1,200 high-end apartments and a luxury international hotel with approximately 350 rooms with a total gross floor area of approximately 286,000 sq. metres. It is targeted for completion in two phases from 2014/15. The first phase will comprise a portion of the high-end luxury apartments, and the second phase will include the remaining luxury apartments and the hotel.

While restrictions on residential home purchases remaining in place in Dalian, there are signs that the volume of residential sales is improving slowly. The prospects of the apartments, the majority of which will possess unobstructed seaview, should benefit from the improvement in residential market sentiments. Up to the end of December 2012, we have invested HK$633 million for our stake in the project.

INCOME FROM CHAMPION REAL ESTATE INVESTMENT TRUST

Under statutory accounting principles, our profit from Champion REIT was classified as an associate company for the fiscal year 2012, and the share of results from Champion REIT was reflected as operating items under the Share of results from associates. However, as we consider dividend income to be a more meaningful measure of financial return on our investment in Champion REIT, our core profit was based on attributable dividend income from Champion REIT.

Following the conversion of our entire holdings in Champion REIT's convertible bond in August 2012, our unit-holding in the REIT has increased to 57.86% as of 31 December 2012 from 51.85% as at the end of June 2012. That led to higher dividend income for 2012 of HK$687 million, an increase of 19.6% over that of 2011. With higher asset management income offsetting a slightly lower level of agency commission income in 2012, the overall management fee income from Champion REIT rose 3.2% to HK$272.8 million in 2012.

	Year ended 31 December		
	2012	2011	Change
	HK$ million	HK$ million	
Attributable Dividend income	**686.5**	**574.1**	**19.6%**
Management fee income	**272.8**	**264.3**	**3.2 %**
Total income from Champion REIT	**959.3**	**838.4**	**14.4%**

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

Citibank Plaza

During 2012 the Central Grade-A office market continued to be plagued by weak demand from banks. Passing rental rates (the average rental rate of existing tenancies) have stayed around HK$85 – 86 per sq. ft. on lettable area throughout 2012 as rent rates achieved on new and renewal leases were as a whole more or less equal to the rates of expiring leases. The average occupancy for 2012 was 89.0%, which was higher than that of 87.6% for 2011. Because of that, revenue from Citibank Plaza increased by 4.5% to HK$1,206 million. Operating expenses fell 1.5% to HK$205 million. The Net Property Income of Citibank Plaza increased 5.8% to HK$1,001 million.

Langham Place Office Tower

The resilience of the Hong Kong economy outside of the financial sector has sustained demand for office space across all office districts outside of the Central Financial District. As tenants in life-style trades took up more space, the occupancy rate of Langham Place Office Tower improved from 96.8% at the end of 2011 to 99.2% as of 31 December 2012. Passing rents rose steadily over the course of 2012 from HK$27.43 on gross floor area at the beginning of the year to HK$28.36 per sq. ft. at the end as higher rent rates were achieved on rollover of leases. Revenue at the Office Tower was HK$264 million, compared to HK$254 million for 2011. Operating expenses fell marginally to HK$48 million and Net Property Income grew at a slightly faster pace than revenue, from HK$205 million to HK$216 million.

Langham Place Mall

The Mall continued to enjoy growth in foot traffic and remained virtually fully let throughout the year. The average passing base rent rate increased from HK$100.77 per sq. ft. at the end of 2011 to HK$114.89 at year-end. This was driven by the growth in gross sales of tenants at the Mall, which improved by 12% year-on-year to HK$955 per sq. ft. on lettable area. Even as base rents have been improving steadily, turnover rents have also been growing, indicating that the sales growth at the Mall has been outpacing the rise in base rents. Turnover rent income increased by 48% from HK$64 million in 2011 to HK$95 million in 2012, and the latter is equivalent to HK$24.82 per sq. ft. per month in income over the base rents. Revenue continued to be on an upward trajectory, increasing by 10.8% from HK$532 million to HK$589 million. Net property income for 2012 rose 9.2% to HK$450 million.

Classification of our investment in Champion REIT

With the adoption of the new accounting standard under HKFRS 10, which governs disclosures of interests in other entities. In fiscal year 2013, the basis of consolidating interests in other entities will be largely based on “de facto control”. As it is considered that the Great Eagle Group has certain control over the operations of Champion REIT, our auditors have advised that the Group should consolidate the results of Champion REIT as a subsidiary with effective from January 1, 2013. Compared with our current practice of valuating our investment in Champion REIT at costs plus share of results, the accounting change to consolidate our investment in Champion REIT based on its balance sheet is expected to increase the net asset value as well as the gearing of the Group. However, such reclassification will not have an impact on the core profit for equity holders that is currently base on attributable distributions from the REIT.

INVESTMENT PROPERTIES

	Year ended 31 December		
	2012	**2011**	
Gross rental income	**HK$ million**	**HK$ million**	**Change**
Great Eagle Centre	**127.7**	**110.5**	**15.6%**
Eaton Serviced Apartments	**40.9**	**40.1**	**2.0%**
United States Office Properties	**108.3**	**118.1**	**- 8.3%**
Others	**24.2**	**26.6**	**-9.0%**
	301.1	**295.3**	**2.0%**
Net rental income	**HK$ million**	**HK$ million**	**Change**
Great Eagle Centre	**123.8**	**96.5**	**28.3%**
Eaton Serviced Apartments	**28.5**	**26.5**	**7.5%**
United States Office Properties	**42.2**	**46.4**	**- 9.1%**
Others	**1.9**	**6.4**	**- 70.3%**
	196.4	**175.8**	**11.7%**

Great Eagle Centre

Sustained demand for office space in the Wanchai North district, which has few tenants from the banking sector, has kept the occupancy of Great Eagle Centre at a high level throughout 2012. In this landlords’ market, we were able to maintain our asking rents at a high level throughout 2012. The rolling over of approximately 35% of the leases by floor area during 2012 led to a 20.4% increase in average passing rent as at December 2012. Note the faster growth in net rental income than gross rental income in 2012 was due to the absence of some non-recurring expenditures.

	As at the end of	
	Dec 2012	**Dec 2011**
Office (on lettable area)		
Occupancy	**97.6%**	**96.8%**
Average passing rent	**HK$58.9**	**HK$48.9**
Retail (on lettable area)		
Occupancy	**99.4%**	**99.4%**
Average passing rent	**HK$79.5**	**HK$77.8**

Eaton Serviced Apartments

Steady demand for short-term accommodations in the Wanchai and Happy Valley districts, coupled with increased marketing initiatives helped lift overall occupancy for our three serviced apartments. Nevertheless average passing rent was constrained by a competitive environment in 2012. Renovation on approximately 60% of the room inventory at Wanchai Gap Road from October 2012 has resulted in a lower rental income for the property. That was however offset by higher rental income at Village Road and Blue Pool Road.

	Year ended 31 December	
	2012	**2011**
(on gross floor area)		
Occupancy	**77.8%**	**72.8%**
Average passing rent	**HK$41.7**	**HK$42.0**

United States Office Properties

As activity in the technology sector remained fairly robust in the San Francisco area, the upward trend in asking rental rates that started since late 2011 continued into 2012. However, as the average passing rents of our San Francisco office properties were still at levels above the spot rents, coupled with a lack of lease renewals, there was negative rental reversion for the portfolio as whole. Gross rental income was also impacted by down time associated with the departure of a tenant at 353 Sacramento Street during the 4th quarter of 2012.

	As at the end of	
	Dec 2012	**Dec 2011**
(on net rentable area)		
Occupancy	**88.9%**	**93.3%**
Average passing rent	**US$33.4**	**US$35.5**

OUTLOOK

While earlier concerns such as a Euro-zone collapse, a hard landing in China, and the U.S. Fiscal Cliff appear to be easing off, much of the uncertainties still linger and may continue to drag economic growth in the coming year. It is therefore likely that global economic conditions will remain volatile. Fortunately, Hong Kong, the main market we operate in, should stay relatively robust.

For Champion REIT, we anticipate the operating environment will remain challenging at Citibank Plaza for the coming year as demand from banks would be weak. However, the strong rental reversions at the Langham Place properties should compensate for potential softness in the income of Citibank Plaza.

At the Hotels Division, the solid operating fundamentals supporting our hotels in Hong Kong should remain intact, as there appear to be no signs of slowdown in Mainland Chinese tourist arrivals. Furthermore, arrivals from other long haul markets to Hong Kong, which have been slow in the past years, could pick up going forward given a steady global economic recovery. However, there may be lingering uncertainties in our overseas markets. Prospects appear to be stable for our three hotels in Australia and New Zealand, whereas economic volatilities in Europe could affect business at Langham London.

In North America, the Pasadena hotel should continue to benefit from robust corporate activities of the technology sector, but the market in Boston may remain soft. We are taking over the management of the Chelsea Toronto and rebranding it this year. During the change-over its performance may be affected.

The prudent and targeted expansion strategy that we have put in place over the past several years should drive long term performance for the Group. The opening of the Langham Chicago later this year will mark another key milestone in our long term plan to extend the global footprint and brand-recognition of Langham. The acquisition of the hotel in New York if consummated will be another major move towards that same objective.

In the mean time, with our strong balance sheet and ample liquidity, we will selectively explore value-added investments in global markets where asset values are cyclically suppressed.

FINANCIAL REVIEW

DEBT

Gross debts denominated in HK dollars amounted to HK$1,578 million as of 31 December 2012. Our foreign currency gross debts as of 31 December 2012 amounted to the equivalent of HK$2,198 million, of which the equivalent of HK$494 million or 23% of our foreign currency debts was on fixed-rate basis. Net of cash and bank deposits that mature within 3 months totalling the equivalent of HK$3,565 million, our consolidated net debt outstanding as of 31 December 2012 was HK$211 million, a decrease of HK$731 million from that of HK$942 million as of 31 December 2011.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 31 December 2012 and the depreciated costs of the Group's hotel properties, amounted to HK$36,939 million as of 31 December 2012. The net assets value at 31 December 2012 represented an increase of HK$3,350 million compared to the value of HK$33,589 million as of 31 December 2011, mainly attributable to the profit for the year including share of results of

Champion REIT. Based on the consolidated net debt of HK$211 million, the resulting gearing ratio at 31 December 2012 was 1%.

FINANCE COST

During the year, market interest rate had remained at an extremely low level. Coupled with the interest income from the Group's investment in Champion REIT convertible bonds, the Group had earned a net interest income of HK$32 million for the year. Consequently, there was no applicable interest cover ratio as at the balance sheet dates.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 31 December 2012, our cash, bank deposits and committed but undrawn loan facilities amounted to a total of HK$4,715 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 31 December 2012:

Within 1 year	23.2%
1-2 years	1.0%
3-5 years	75.8%

PLEDGE OF ASSETS

At 31 December 2012, properties of the Group with a total carrying value of approximately HK$10,698 million (31 December 2011: HK$10,030 million), were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2012, the Group had authorised capital expenditures not provided for in these financial statements amounting to approximately HK$471 million (31 December 2011: HK$651 million) of which approximately HK$398 million (31 December 2011: HK$71 million) was contracted for.

As at 31 December 2012, the Group had outstanding financial commitment of RMB26.5 million (equivalent to HK$32.5 million) (31 December 2011: HK$32.5 million) for capital injection to a jointly controlled entity and commitment of RMB106 million (equivalent to HK$130 million) (31 December 2011: HK$163 million) for construction cost to complete a hotel property owned by an associate.

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 balance sheet date. A sum of US$15 million has been held in escrow pending completion.

Other than set out above, the Group did not have any significant commitments and contingent liabilities as at 31 December 2012.

CORPORATE SOCIAL RESPONSIBILITY

Our commitment to corporate social responsibility (CSR) stems from a core belief that our business will prosper as the community and environment around us flourish. High levels of CSR will create long-term value for our customers, partners, investors, employees and community. Our high standard of performance in CSR is reflected in being selected as a constituent member of Hang Seng Corporate Sustainability Benchmark Index again this year. Notably, our achievement was recognised by RepuTex (HK) Limited, the ESG performance rating company in selecting our Group to be the constituent of the index, as the "Top 20 RepuTex ESG Ratings – Hong Kong" for the first time.

To enable our Group to take responsibility for CSR impacts of our decisions and activities and to integrate CSR throughout the organisation, we established the CSR Steering Committee which serves as a high profile working group and is responsible for setting CSR policy and strategy. The Committee has built a Group CSR Policy which provides a robust framework and direction to implement CSR and embed CSR into our organisational culture.

We focus our CSR activities on four subject areas: ***Workplace Quality, Environmental Protection, Operating Practices and Community Involvement***.

Workplace Quality - we are committed to providing a fair, healthy and safe workplace for our employees. Opportunities for training and development are provided to staff of all levels and performance review is conducted annually to keep track of their performance and determine development needs. To enable staff to maintain a healthy work-life balance, we continue to organise various wellness and interest classes.

Environmental Protection - to embed green into our organisational culture, Green Champion Working Group was established, aiming to spread the best green practices to all of our staff. Our business units/departments continue to minimise significant environmental impacts of our operation and continually improve the performance. In recognition of our efforts in environmental protection, our Property Management Division and Hotel Division received major green awards.

Operating Practices - we are committed to adhering to the highest ethical standards. All employees are given a Code of Conduct to which they are required to adhere. To guide fair operating practices in our supply chain more systematically, the Supplier Code of Conduct was established. Also, we are committed to offering superior quality products and services to our customers by satisfying their expectations and needs.

Community Involvement - our community involvement strategy focuses on three thematic areas: ***Arts, Children Education, and Environmental Protection***. We believe that by strategically designing a few deserving projects in those areas and focusing all of our philanthropic resources – financial, volunteer, and in-kind – on such projects, we can engender greater social impact. In recognition of the Group's community involvement efforts, our subsidiaries were awarded as a "Caring Company".

Looking forward, we have planned to conduct a comprehensive stakeholder engagement in order to obtain their feedback on our CSR policy and strategy. We believe the feedback will guide us to the right direction along the journey of CSR.

EMPLOYEES

During the year, the number of employees of the Group increased approximately 2.8% to 4,997. The change was mainly attributable to the increase in staff in our hotel operations. Salary levels of employees are competitive and discretionary bonuses are granted based on performance of the Group as well as performance of individual employees. Other employee benefits include educational allowance, insurance, medical scheme and provident fund schemes. Senior employees (including executive directors) are entitled to participate in the Great Eagle Holdings Limited Share Option Scheme. In order to enhance employee relations and communications, regular meetings of general staff with senior management have been arranged during the year, with particular emphasis on performance management. To help staff maintain a healthy work-life balance as well as facilitate staff to know each other and promote team spirit, various recreational events, wellness and interest classes have been organized. In 2012, our Hotel Division continued to create a diversified, multi-facet development platform for our colleagues. Apart from the around-the year training calendar, a targeted programme for department heads and executives named APEX "Advanced Programme for Executives" is launched to equip them with essential knowledge, skills and experiences to take up next level or more challenging roles in the future. APEX includes various development opportunities, such as, targeted work assignments, eCornell training on leadership & hospitality topics and mentoring arrangement. In April, our Hotel Division successfully renewed the Manpower Developer Scheme by the Employee Retraining Board and is continued to be acknowledged as "Manpower Developer 1st."

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

FINAL DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK43 cents per share for the year ended 31 December 2012 (2011: HK40 cents per share) to the Shareholders subject to the approval of the Shareholders at the forthcoming 2013 Annual General Meeting (the "2013 AGM").

Taken together with the interim dividend of HK23 cents per share paid on 16 October 2012, this will make a total dividend of HK66 cents per share for the full year in 2012 (2011 total dividend: HK61 cents per share, comprising an interim dividend of HK21 cents and a final dividend of HK40 cents). Dividend warrants in respect of the proposed final dividend are expected to be despatched to Shareholders on 21 June 2013.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed during the following periods and during these periods, no transfer of shares will be registered:

(i) For ascertaining the Shareholders' entitlement to attend and vote at the 2013 AGM

From Monday, 29 April 2013 to Friday, 3 May 2013, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to attend and vote at the 2013 AGM. In order to be eligible to attend and vote at the 2013 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrars of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Branch Share Registrars") of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 April 2013.

(ii) For ascertaining the Shareholders' entitlement to the 2012 final dividend

From Friday, 10 May 2013 to Wednesday, 15 May 2013, both days inclusive, for the purpose of ascertaining the Shareholders' entitlement to the 2012 final dividend. In order to qualify for the 2012 final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrars for registration not later than 4:30 p.m. on Thursday, 9 May 2013.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2013 AGM of the Company will be held on Friday, 3 May 2013, for the purpose of, among other things, approving the payment of a final dividend of HK43 cents per share. The notice of 2013 AGM together with the 2012 Annual Report and all other relevant documents (the "Documents") will be despatched to the Shareholders on or about 27 March 2013. The Documents will also be published on the Company's website at www.greateagle.com.hk and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Code on Corporate Governance Practices (the "Former CG Code") as set out in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") was amended and revised as the Corporate Governance Code and Corporate Governance Report (the "CG Code") which came to effect on 1 April 2012. Throughout the year under review, the Company has complied with all code provisions and mandatory disclosures contained in the Former CG Code and CG Code as when they were/are in force 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. Dr. Lo Ka Shui is the Executive Chairman and Managing Director of the Company. Notwithstanding that Dr. Lo is not subject to retirement by rotation, Dr. Lo has voluntarily disclosed his biographical details in accordance with Rule 13.51(2) in the circular to the Shareholders in relation to, among other things, the re-election of retiring directors to be issued on or about 27 March 2013.

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 be detrimental to the interests of shareholders, the Board considers that our current approach on disclosing the emoluments of Directors on named basis and that of the five highest paid individuals of the Group in the forms of aggregate amount and by bands in our annual reports is appropriate to maintain the equilibrium between transparency and privacy.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted its own Code of Conduct regarding Securities Transactions by Directors and relevant employees of the Company ("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 year ended 31 December 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 December 2012, the Company repurchased a total of 277,000 ordinary shares of the Company at an aggregate purchase price of HK$4,381,240 on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). A total of 580,000 shares (including 303,000 shares repurchased last year and left uncancelled as at 31 December 2011) were cancelled during the year ended 31 December 2012. The number of issued shares as of 31 December 2012 was 631,399,610. Particulars of the shares repurchased are as follow:

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

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

NEW SHARES ISSUED

As at 31 December 2012, the total number of issued shares of the Company was 631,399,610. A total of 2,912,338 new shares were issued during the year.

- On 27 June 2012, 2,334,338 new shares were issued at the price of HK$20.04 per share pursuant to the Scrip Dividend Arrangement (the "Arrangement") in respect of the 2011 Final Dividend. Details of the Arrangement were set out in the announcement published by the Company on 22 May 2012 and the circular to the Shareholders dated 25 May 2012 respectively.

- During the year ended 31 December 2012, 578,000 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.

PUBLIC FLOAT

As at the date of this announcement, based on the 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.

AUDIT COMMITTEE

The final results of Company for the year ended 31 December 2012 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises five Executive Directors, namely Dr. LO Ka Shui (Chairman and Managing Director), Mr. LO Kai Shui (Deputy Managing Director), Mr. LO Hong Sui, Antony, Madam LAW Wai Duen and Mr. KAN Tak Kwong (General Manager); three Non-executive Directors, namely Madam LO TO Lee Kwan, Mr. LO Hong Sui, Vincent and Dr. LO Ying Sui; 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, 27 February 2013

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	2012 HK$'000	2011 HK$'000
Revenue	4	**4,993,327**	4,746,336
Cost of goods and services		**(3,377,807)**	(3,182,040)
Operating profit before depreciation		**1,615,520**	1,564,296
Depreciation		**(372,610)**	(362,081)
Operating profit		**1,242,910**	1,202,215
Other income	6	**156,704**	197,756
Fair value changes on investment properties		**435,021**	678,688
Net gain (loss) on derivative financial instruments		**43,732**	(614,856)
Administrative expenses		**(236,669)**	(222,569)
Impairment loss recognised in respect of a hotel property		**-**	(90,867)
Other expenses		**(825)**	(20,694)
Finance costs	7	**(107,638)**	(100,027)
Share of results of associates		**2,252,081**	3,375,756
Share of results of a jointly controlled entity		**(9,899)**	(9,032)
Profit before tax		**3,775,417**	4,396,370
Income taxes	8	**(222,751)**	(169,167)
Profit for the year	9	**3,552,666**	4,227,203
Profit for the year attributable to:			
Owners of the Company		**3,551,830**	4,227,203
Non-controlling interests		**836**	-
		3,552,666	4,227,203
Earnings per share:			
Basic	11	**HK$5.63**	HK$6.70
Diluted	11	**HK$5.58**	HK$6.57

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	HK$'000	HK$'000
Profit for the year	**3,552,666**	4,227,203
Other comprehensive income (expense):		
Fair value gain (losses) on available-for-sale investments	**13,975**	(19,280)
Exchange differences arising on translation of foreign operations	**111,127**	(19,782)
Share of other comprehensive income (expense) of associates	**31**	(66,197)
Share of other comprehensive income of a jointly controlled entity	**5,119**	24,721
	130,252	(80,538)
Total comprehensive income for the year	**3,682,918**	4,146,665
Total comprehensive income for the year attributable to:		
Owners of the Company	**3,682,082**	4,146,665
Non-controlling interests	**836**	-
	3,682,918	4,146,665

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	NOTES	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**11,216,070**	10,140,331
Investment properties		**5,333,210**	4,879,376
Interests in associates		**20,679,926**	16,460,751
Interest in a jointly controlled entity		**648,710**	653,490
Available-for-sale investments		**133,711**	92,775
Investment in convertible bonds		**-**	2,834,389
Notes receivable		**-**	77,697
Restricted cash		**122,487**	12,295
		38,134,114	35,151,104
Current assets			
Inventories		**93,754**	95,240
Debtors, deposits and prepayments	12	**490,956**	423,417
Notes receivable		**-**	96,251
Bank balances and cash		**3,565,257**	2,439,288
		4,149,967	3,054,196
Current liabilities			
Creditors, deposits and accruals	13	**1,021,938**	817,682
Derivative financial instruments		**-**	903
Provision for taxation		**96,331**	70,833
Borrowings due within one year		**876,980**	2,585,306
		1,995,249	3,474,724
Net current assets (liabilities)		**2,154,718**	(420,528)
Total assets less current liabilities		**40,288,832**	34,730,576
Non-current liabilities			
Derivative financial instruments		**-**	131
Borrowings due after one year		**2,899,482**	808,862
Deferred taxation		**447,711**	332,461
		3,347,193	1,141,454
NET ASSETS		**36,941,639**	33,589,122
Equity			
Share capital		**315,700**	314,533
Treasury shares		**-**	(4,583)
Share premium and reserves		**36,623,080**	33,279,172
Equity attributable to owners of the Company		**36,938,780**	33,589,122
Non-controlling interests		**2,859**	-
TOTAL EQUITY		**36,941,639**	33,589,122

1. GENERAL

The Company is a company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development and investment, hotel and restaurant operations, manager of real estate investment trust, trading of building materials, share investment, provision of management and maintenance services, property management and fitness centre operations.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants.

Amendments to HKFRS 7	Financial Instruments: Disclosures - Transfer of Financial Assets

In 2011, the Group has early adopted the amendments to HKAS 12 "Deferred Taxes: Recovery of Underlying Assets" in respect of the recognition of deferred tax on investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" and are presumed to be recovered through sale.

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle[2]
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

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

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

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 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

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

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures" and HK (SIC)-Int 13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements.

In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that the application of these five standards in the Group's consolidated financial statements for the annual period beginning on 1 January 2013 will have a significant impact on amounts reported in the consolidated financial statements. In addition, the Directors will further perform a detailed analysis on the impact of the application of these standards. For example, the application of HKFRS 10 may affect the accounting for the Group’s 57.86% ownership interest in Champion Real Estate Investment Trust (“Champion REIT”) which is currently classified as the Group’s associate. Taking into account the new definition of control and the additional guidance on control set out in HKFRS 10, the application of HKFRS 10 would result in Champion REIT being treated as the Group’s subsidiary. If Champion REIT is consolidated as the Group’s subsidiary, the assets and liabilities as well as income and expenses of Champion REIT will be presented as separate line items in the consolidated statement of financial position and in the consolidated income statement respectively, rather than being presented as one line item in the Group’s consolidated financial statements. Should Champion REIT be treated as the Group's subsidiary with its financial position and results consolidated into the Group's consolidated financial statements since the date the Group obtained control, the net assets attributable to owners of the Company as at 31 December 2012 would have increased by 16% to approximately HK$42,771 million.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

HKFRS 13 "Fair Value Measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 January 2013 and that the application of the new standard may affect the measurement of the fair value amounts reported in the consolidated financial statements and will result in more extensive disclosures in the consolidated financial statements.

For other new and revised standards, amendments or interpretations, the Directors anticipate that their application will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year end 31 December 2011.

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, management service income received as a manager of real estate investment trust, property agency commission and income from fitness centre and restaurant operations.

	2012	2011
	HK$'000	HK$'000
Property rental income	**279,390**	275,562
Building management service income	**21,745**	19,713
Hotel income	**4,094,726**	3,862,001
Sales of goods	**150,309**	124,338
Management service income earned as a manager of real estate investment trust classified as an associate	**199,896**	187,474
Others	**247,261**	277,248
	4,993,327	4,746,336

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 (i.e. the chairman and managing director of the Group) in order to allocate resources to segments and to assess their performance. The Group's operating and reportable segments under HKFRS 8 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	-	hotels accommodation, food and banquet operations as well as hotel management.
Income from Champion REIT	-	management service income for acting as the manager of Champion REIT and provision of property management service to Champion REIT.
Other operations	-	sales of building materials, restaurant operation, fitness centre operation, investment in securities, provision of property management, maintenance and property agency services.

5. SEGMENT INFORMATION - continued

Segment results represent the results by each segment without including any effect of allocation of interest income from bank balances and cash centrally managed, central administration costs, directors' salaries, share of results of associates, share of results of a jointly controlled entity, depreciation, fair value changes on investment properties and derivative financial instruments, impairment loss recognised in respect of a hotel property, finance costs and income taxes. This is the measurement basis reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. The following is the analysis of the Group's revenue and results by reportable segment for the year under review:

2012

Segment revenue and results

	Property investment HK$000	Hotel operation HK$'000	Income from Champion REIT HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE						
External revenue	301,135	4,094,726	272,797	324,669	-	4,993,327
Inter-segment revenue	2,329	-	-	11,685	(14,014)	-
Total	303,464	4,094,726	272,797	336,354	(14,014)	4,993,327

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

	Property investment HK$000	Hotel operation HK$'000	Income from Champion REIT HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS						
Segment results	195,609	1,040,436	239,791	150,791		1,626,627
Other corporate income						24,084
Centralised corporate expenses						(115,981)
Depreciation						(372,610)
Fair value changes on investment properties						435,021
Net gain on derivative financial instruments						43,732
Finance costs						(107,638)
Share of results of associates						2,252,081
Share of results of a jointly controlled entity						(9,899)
Profit before tax						3,775,417
Income taxes						(222,751)
Profit for the year						3,552,666

5. SEGMENT INFORMATION - continued

2011

Segment revenue and results

	Property investment HK$000	Hotel operation HK$'000	Income from Champion REIT HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE						
External revenue	295,275	3,862,001	264,295	324,765	-	4,746,336
Inter-segment revenue	2,329	-	-	9,680	(12,009)	-
Total	297,604	3,862,001	264,295	334,445	(12,009)	4,746,336

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

	Property investment HK$000	Hotel operation HK$'000	Income from Champion REIT HK$'000	Other operations HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS						
Segment results	176,013	1,018,989	232,227	244,109		1,671,338
Other corporate income						16,278
Centralised corporate expenses						(168,827)
Depreciation						(362,081)
Fair value changes on investment properties						678,688
Net loss on derivative financial instruments						(614,856)
Impairment loss recognised in respect of a hotel property						(90,867)
Finance costs						(100,027)
Share of results of associates						3,375,756
Share of results of a jointly controlled entity						(9,032)
Profit before tax						4,396,370
Income taxes						(169,167)
Profit for the year						4,227,203

6. OTHER INCOME

	2012 **HK$'000**	2011 HK$'000
Interest income on:		
Bank deposits	**29,007**	23,065
Investment in convertible bonds	**108,201**	161,976
Notes receivable	**2,833**	6,270
	140,041	191,311
Net exchange gain	**14,098**	-
Gain on disposal of property, plant and equipment	**-**	16
Recovery of bad debts written off	**405**	-
Sundry income	**2,160**	6,429
	156,704	197,756

7. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on bank borrowings wholly repayable within five years	**61,362**	57,003
Interest on other loans wholly repayable within five years	**33,372**	34,980
Other borrowing costs	**12,904**	8,044
	107,638	100,027

8. INCOME TAXES

	2012 HK$'000	2011 HK$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	**100,715**	78,266
Other jurisdictions	**17,800**	22,294
	118,515	100,560
(Over)underprovision in prior years:		
Hong Kong Profits Tax	**(2,138)**	10,239
Other jurisdictions	**(1,665)**	1,689
	(3,803)	11,928
	114,712	112,488
Deferred tax:		
Current year	**95,655**	48,561
Underprovision in prior years	**12,384**	8,118
	108,039	56,679
	222,751	169,167

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. PROFIT FOR THE YEAR

	2012 HK$'000	2011 HK$'000
Profit for the year has been arrived at after charging:		
Staff costs (including directors' emoluments)	**1,695,541**	1,611,125
Share based payments (including directors' emoluments)	**16,610**	17,661
	1,712,151	1,628,786
Depreciation	**372,610**	362,081
Auditor's remuneration	**6,935**	6,122
Allowance for doubtful debts (included in other expenses)	**-**	2,343
Operating lease payments on rented premises	**29,473**	28,505
Cost of inventories recognised as an expense	**542,377**	496,463
Loss on disposal of property, plant and equipment	**152**	-
Share of tax of associates (included in the share of result of associates)	**128,793**	99,402
Net exchange loss	**-**	18,352
Fitting-out works of hotel building written off (included in other expenses)	**673**	-
and after crediting:		
Recovery of bad debts written off	**405**	-
Gain on disposal of property, plant and equipment	**-**	16
Net exchange gain	**14,098**	-
Dividend income from listed investments	**3,267**	3,043
Rental income from investment properties less related outgoings of HK$82,986,000 (2011: HK$99,795,000)	**196,404**	175,767

10. DIVIDENDS

	2012 HK$'000	2011 HK$'000
Dividends paid:		
- Final dividend of HK40 cents in respect of the financial year ended 31 December 2011 (2011: HK38 cents in respect of the financial year ended 31 December 2010) per ordinary share	**251,604**	237,625
- Interim dividend of HK23 cents in respect of the financial year ended 31 December 2012 (2011: HK21 cents in respect of the financial year ended 31 December 2011) per ordinary share	**145,210**	132,690
	396,814	370,315

10. DIVIDENDS - continued

On 27 June 2012, a 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 2011 (2011: final dividend of HK38 cents in respect of the financial year ended 31 December 2010). The scrip dividend alternatives were accepted by the shareholders as follows:

	2012	2011
	HK$'000	HK$'000
Dividends:		
Cash	**204,824**	79,641
Share alternative	**46,780**	157,984
	251,604	237,625

	2012	2011
	HK$'000	HK$'000
Dividends proposed:		
- Proposed final dividend of HK43 cents in respect of the financial year ended 31 December 2012 (2011: HK40 cents in respect of the financial year ended 31 December 2011) per ordinary share	271,502	251,627

The proposed final dividend in respect of the financial year ended 31 December 2012 is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

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

	2012	2011
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic earnings per share	**3,551,830**	4,227,203
Effect of dilutive potential shares:		
Adjustment to the share of profit of an associate based on dilution of its earnings per share (note)	**(24,589)**	(79,018)
Earnings for the purpose of diluted earnings per share	**3,527,241**	4,148,185
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**631,186,495**	630,856,951
Effect of dilutive potential shares:		
Share options	**417,885**	914,329
Weighted average number of shares for the purpose of diluted earnings per share	**631,604,380**	631,771,280

Note: The adjustment to the share of profit of an associate represents the dilutive effects on assumed conversion of outstanding convertible bonds issued by Champion REIT.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2012 HK$'000	2011 HK$'000
Trade debtors, net of allowance for doubtful debts	**378,642**	293,327
Deferred rent receivables	**19,469**	23,242
Other receivables	**25,024**	45,829
Deposits and prepayments	**67,821**	61,019
	490,956	423,417

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:

	2012 HK$'000	2011 HK$'000
0 - 3 months	**291,485**	242,336
3 - 6 months	**21,530**	9,158
Over 6 months	**65,627**	41,833
	378,642	293,327

13. CREDITORS, DEPOSITS AND ACCRUALS

	2012 HK$'000	2011 HK$'000
Trade creditors	**178,774**	152,455
Deposits received	**212,079**	212,346
Construction fee payable and retention money payable	**8,164**	3,194
Accruals, interest payable and other payables	**622,921**	449,687
	1,021,938	817,682

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

	2012 HK$'000	2011 HK$'000
0 - 3 months	**166,630**	142,785
3 - 6 months	**1,646**	2,758
Over 6 months	**10,498**	6,912
	178,774	152,455