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)

2013 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 2013 as follows:

	Year ended 31 December 2013	2012	Change
	HK$ million	*HK$ million (restated)*	
Key Financials on Income Statement			
Based on core business			
Revenue based on core business	**5,418.9**	**5,679.8**	**- 4.6%**
Core profit after tax attributable to equity holders	**1,679.9**	**1,802.1**	**- 6.8%**
Core profit after tax attributable to equity holders (per share)	**HK$ 2.63**	**HK$ 2.86**	
Based on statutory accounting principles			
Revenue based on statutory accounting principles	**7,301.0**	**6,746.6**	**8.2%**
Statutory Profit attributable to equity holders	**2,399.5**	**3,551.8**	**- 32.4%**
Interim Dividend (per share)	**HK$ 0.23**	**HK$ 0.23**	
Special Interim Dividend (per share)	**HK$ 1.00**	**n.a.**	
Final Dividend (per share)	**HK$ 0.43**	**HK$ 0.43**	
Special Final Dividend (per share)*	**HK$ 0.50**	**n.a.**	
Total Dividend (per share)	**HK$ 2.16**	**HK$ 0.66**	

** Final distribution related to the spin off in 2013*

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), for which the Group believes is a more meaningful measure on the return from our investments in entities that focused principally on distributions. Whereas financial figures prepared under statutory accounting principles were based on applicable accounting standards, which included fair value changes and had consolidated financial figures of Champion REIT and LHI. The management's discussion and analysis focuses on core businesses of the Group.

	As at the end of	
	December 2013	**June 2013**
Key Financials on Balance Sheet		
Based on share of Net Assets of Champion REIT and LHI (core balance sheet)		
Net gearing	**Net Cash**	**Net Cash**
Book value (per share)	**HK$ 89.6**	**HK$ 87.8**
Based on statutory accounting principles		
Net gearing	**31.8%**	**16.0%**
Book value (per share)	**HK$ 78.1**	**HK$ 76.5**

As for the Group's balance sheet prepared under statutory accounting principles, the entire debts of Champion REIT and LHI were consolidated. However, the Group only owns a 60.35% and 57.72% equity stake of Champion REIT and LHI respectively as at the end of 2013. As the Group has no obligation in respect of the debts of Champion REIT and LHI, the net gearing ratio that is calculated upon the figures prepared under statutory accounting principles overstated the Group's underlying indebtedness position. In order to better reflect the underlying financial position of the Group, the Group's core balance sheet is derived from our share of net assets in Champion REIT and LHI.

Furthermore, under statutory accounting principles, as the Group still manages and operates the Hong Kong hotels that are owned by LHI. Hence, the Group's equity stake in LHI is continued to be stated at cost less accumulated depreciation and cannot mark-to-market, the impact of which was significantly understating the value of our investment in LHI. In comparison, the Group's core balance sheet is derived from our share of net assets of LHI. Hence, as the hotels owned by LHI are classified as investment properties, the values of the hotels have been marked to market. As such, the Group's core balance sheet should better reflect the scale of the Group's net asset base. More details of the balance sheet derived from our share of net assets of Champion REIT and LHI are on page 4.

Core Profit - Financial Figures based on core business

	Year ended 31 December		
	2013	**2012**	**Change**
	HK$ million	***HK$ million (restated)***	
Revenue from core business			
Gross Rental Income	334.5	301.1	11.1%
Hotels Division*	3,480.7	4,094.7	- 15.0%
Management Fee Income from Champion REIT	316.3	272.8	15.9%
Distribution Income from Champion REIT^	716.9	686.5	4.4%
Distribution Income from LHI^	189.0	-	n.a.
Other operations	381.5	324.7	17.5%
	5,418.9	**5,679.8**	**- 4.6%**
Net Rental Income	209.6	196.4	6.7%
Hotel EBITDA*	672.9	1,045.8	-35.7%
Management Fee Inc. from Champion REIT	316.3	272.8	15.9%
Distribution Income from Champion REIT^	716.9	686.5	4.4%
Distribution Income from LHI^	189.0	-	n.a.
Operating income from other operations	144.6	100.5	43.9%
Operating Income from core business	**2,249.3**	**2,302.0**	**- 2.3%**
Depreciation and amortisation	(122.2)	(134.9)	- 9.4%
Administration expenses	(281.2)	(237.5)	18.4%
Other income (including Interest income)	155.5	142.1	9.4%
Finance costs	(125.7)	(107.6)	16.8%
Share of results of associates	11.1	39.1	- 71.6%
Share of results of a Joint Venture	(36.7)	(9.9)	270.7%
Core profit before taxation	**1,850.1**	**1,993.3**	**- 7.2%**
Taxes	(168.7)	(190.4)	- 11.4%
Core profit after tax	**1,681.4**	**1,802.9**	**- 6.7%**
Non-controlling interest	**(1.5)**	**(0.8)**	**87.5%**
Core profit after tax attributable to equity holders	**1,679.9**	**1,802.1**	**- 6.8%**

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

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

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

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

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**

31 December 2012

	Assets (restated)	Liabilities (restated)	Net Assets (restated)
	HK$ million	*HK$ million*	*HK$ million*
Great Eagle operations (note 1)	22,159.7	5,345.3	16,814.4
Champion REIT (note 2)	34,653.3	8,696.7	25,956.6
	56,813.0	14,042.0	42,771.0

Note 1: Included in the assets and liabilities are cash of HK$8,893,354,000 and principal debts of HK$5,082,384,000, representing net cash of HK$3,810,970,000 as at 31 December 2013.

Note 2: Assets and liabilities of Champion REIT and LHI are based on published financial information of Champion REIT and LHI and the respective interests held by Great Eagle Holdings Limited, being 60.35% and 57.72%, respectively (31 December 2012: 57.86% interests in Champion REIT held). Additionally, the assets of LHI include the hotel properties' appraised value as of 31 December 2013.

Financial Figures based on Statutory Accounting Principles

	Year ended 31 December		
	2013	**2012**	**Change**
	HK$ million	***HK$ million (restated)***	
Revenue based on statutory accounting principles			
Gross Rental Income	334.5	301.1	11.1%
Hotels Division	4,434.4	4,094.7	8.3%
Management Fee Income from Champion REIT	316.3	272.8	15.9%
Other operations	381.5	324.7	17.5%
Hotel Management fee Income from LHI	47.1	-	n.a.
Gross Rental income of Champion REIT	2,179.3	2,059.0	5.8%
Gross Rental income of LHI	471.8	-	n.a.

Elimination on Intra-Group transactions	(863.9)	(305.7)	182.5%
Consolidated total revenue	**7,301.0**	**6,746.6**	**8.2%**
Net Rental Income	209.6	196.4	6.7%
Hotel EBITDA	1,084.1	1,061.6	2.1%
Net Rental income from Champion REIT	1,801.3	1,709.5	5.4%
Operating income from other operations	155.5	110.3	41.0%
Operating Income	**3,250.5**	**3,077.8**	**5.6%**
Depreciation and amortisation	(403.7)	(372.6)	8.3%
Fair value changes on Investment properties	1,119.3	3,870.5	-71.1%
Fair value changes on Derivative Financial Instruments	309.0	(148.9)	n.m.
Fair value changes of financial assets designated at fair value through Profit or Loss	37.2	-	n.a.
Gain on conversion of convertible bonds of Champion REIT	29.3	-	n.a.
Reversal of impairment on a hotel property	149.2	-	n.a.
Administration expenses	(340.9)	(255.1)	33.6%
Other income (including Interest income)	245.5	55.7	340.7%
Finance costs	(545.2)	(404.1)	34.9%
Share of results of associates	(9.5)	21.2	n.m.
Share of results of a Joint Venture	(36.7)	(9.9)	270.7%
Statutory profit before taxation	**3,804.0**	**5,834.6**	**- 34.8%**
Taxes	(426.3)	(443.0)	- 3.8%
Statutory profit after tax	**3,377.7**	**5,391.6**	**- 37.4%**
Non-controlling interest	**(978.2)**	**(1,839.8)**	**- 46.8%**
Statutory profit attributable to equity holders	**2,399.5**	**3,551.8**	**-32.4%**

OVERVIEW

The year 2013 marked several important milestones for the Group's future development with the most defining event being the spinoff of the Hong Kong hotels in May. Following which, the Group completed the acquisition of a hotel in New York, and then announced our intention to acquire and complete the acquisition of a prime office property in downtown San Francisco. More importantly, we have achieved these milestones against the back drop of volatile global economic conditions in 2013, which demonstrated our execution capabilities and strategic priorities to continuously recycling the Group's capital. Furthermore, given the successful spin off in 2013, a special interim dividend of HK$1 per share was paid for the first half period, and as a final distribution related to the spin-off in 2013, the Board declared a special final dividend of HK$0.50 per share for 2013, taking special dividend to HK$1.50 per share for 2013.

In addition to the rebranding of the newly acquired New York hotel as a Langham Place in May 2013, we opened The Langham Chicago and rebranded the Toronto hotel to our own Eaton brand in July 2013. The increased penetration of our brands to these gateway cities helped to enforce Langham as a leading international hotel brand. Last but not least, we launched the pre-sale on parts of the apartments in our Dalian project in September 2013. All-in-all, these key business developments have laid a solid foundation for the Group's future earnings. Nonetheless, the Group's core earnings for 2013 were primarily affected by some one-off items.

The Group's core earnings for 2013 dropped 6.8% year-on-year to HK$1,680 million in 2013. Although the underlying performances for the majority of our businesses remained intact in 2013, core earnings were impacted by several factors, including i) lower attributable income from the spun off Hong Kong hotels, ii) booking of pre-opening and re-branding expenses for our hotels in North America and iii) an increase in administrative expense related to the spin off exercise and professional fees incurred for feasibility studies on various projects.

For the financial year ended 31 December 2013, revenue base on core business of the Group amounted to HK$5,419 million, representing a decline of 4.6 % year-on-year. The decline was primarily due to a HK$614 million drop in revenue from the Hotels Division, given the Hong Kong hotels were spun-off to LHI in May 2013. After the spun off, the returns on our equity stake in the three Hong Kong hotels were reflected through our investment in LHI, which resulted in a distribution income of HK$189 million in 2013.

Core operating income dropped 2.3% year-on-year to HK$2,249 million in 2013. The milder drop in operating profit as compared to revenue was due to increased contributions from segments with higher margins such as management fee income and distribution income. To a lesser extent, improvements in margins from businesses in other operations also contributed to a smaller decline in core operating income in 2013. It should be noted that the increase in distribution income from Champion REIT was due to our increased shareholdings in the REIT, as the distribution per unit declared by Champion REIT was only up marginally in 2013. Nonetheless, the growth in such income was not enough to offset the decline in Earnings before interest, taxes, depreciation and amortization (EBITDA) of the Hotels Division, which resulted in an overall decline in core operating income in 2013.

In addition to the decline in core operating income, an increase in administration expense in association with the spin off exercise, as well as professional fees incurred on feasibility studies for various projects, together with an increase in losses from a joint venture (previously called jointly controlled entity) and higher interest expense also contributed to the decrease in core profit.

The increase in losses of a joint venture, which holds the Dalian mixed-use development project, was due to increased marketing and administrative expenses incurred for the presale of the residential apartments. Whilst interest expense was also higher due to a combination of higher interest rates and additional interest expense incurred in relation to acquisitions of the properties in New York and San Francisco in 2013.

As our investment in Champion REIT's convertible bonds were converted to units in August 2012, no interest income related to such convertible bonds was recorded in 2013. However, interest income achieved by the Group in 2013 was still higher than that booked in 2012. Such interest income was primarily derived from the deposits of the Group's enlarged cash holdings after the spin-off of the Hong Kong hotels in May 2013. Overall, core profit attributable to shareholders amounted to HK$1,680 million, representing a decline of 6.8% year-on-year.

In terms of development, apart from executing projects that were already in the pipeline during the second half of 2013, we had selectively pushed ahead with our plan to grow our asset base and acquired a prime office property in the heart of down town San Francisco for US$179 million. At current, we are actively evaluating various investment opportunities, and in particular, we will be targeting those projects that will either be accretive to the Group's net asset value, or that are expected to have a synergistic effect with our current businesses. In the near term, we see better risk-return adjusted real estate investment opportunities overseas, especially in the United States of America (the "United State" or "U.S."), given undemanding asking prices. Should the U.S. economy continues to recover, this will lead to further growth in capital values going forward.

In the interim, in order to enhance the return on our cash holdings, a majority of the cash were placed in short term Renminbi deposits bearing higher interest, whereas a small portion of the cash holdings were invested in other fixed income, equities or equity related investments. Whilst we try to enhance the return on our cash holdings, we only conduct such investments in the most prudent and cautious manner. Based on the definition of our core profit, only realized gains/losses or interest incomes from these investments were recognised in 2013's core profit. For the sake of clarity, non-realized exchange gains in relation to these investments were not included in core profit.

HOTELS DIVISION

	Year ended 31 December		
	2013	**2012**	**Change**
	HK$ million	***HK$ million***	
Hotel Revenue			
Hong Kong ^	**656.3**	**1,620.0**	**-59.5%**
Europe	**553.0**	**528.7**	**4.6%**
North America	**1,314.6**	**1,132.5**	**16.1%**
Australia/New Zealand	**831.1**	**756.3**	**9.9%**
Others (including hotel management income)	**125.7**	**57.2**	**119.8%**
Total Hotel Revenue	**3,480.7**	**4,094.7**	**- 15.0%**
Hotel EBITDA			
Hong Kong ^	**254.8**	**642.7**	**-60.4%**
Europe	**153.7**	**147.5**	**4.2%**
North America	**21.9**	**109.0**	**- 79.9%**
Australia/New Zealand	**137.7**	**122.4**	**12.5%**
Others (including hotel management income)	**104.9**	**24.2**	**333.5%**
Total Hotel EBITDA	**672.9**	**1,045.8**	**- 35.7%**

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

Hotels Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (local currency)		RevPar (local currency)	
	2013	2012	2013	2012	2013	2012	2013	2012
The Langham, Hong Kong	495	495	88.9%	86.1%	2,266	2,239	2,013	1,927
Langham Place, Hong Kong	652	653	90.7%	89.2%	1,883	1,866	1,707	1,665
Eaton Hotel, Hong Kong	452	445	95.1%	94.9%	1,208	1,198	1,149	1,138
The Langham, London	380	379	80.7%	76.3%	278	274	224	209
The Langham, Boston	318	318	75.1%	67.1%	242	242	182	163
The Langham Huntington, Pasadena	380	380	74.8%	72.7%	228	219	170	159
The Langham, Chicago^	239	n.a.	46.8%	n.a.	291	n.a.	136	n.a.
Langham Place, Fifth Avenue, New York*	214	n.a.	81.4%	n.a.	627	n.a.	511	n.a.
Eaton Chelsea, Toronto	1,590	1,590	68.7%	70.4%	124	125	85	88
The Langham, Melbourne	377	374	85.7%	81.9%	277	261	238	214
The Langham, Sydney	96	95	82.9%	77.3%	291	296	241	229
The Langham, Auckland	410	411	76.3%	70.1%	177	181	135	127
The Langham, Xintiandi, Shanghai (33.3% owned)	356	350	58.8%	58.1%	1,696	1,551	997	901

^ *From 10 July 2013 to 31 December 2013*
* *From 25 September 2013 to 31 December 2013*

As the three hotels in Hong Kong were spun off into LHI on 30 May 2013, these hotels had only contributed just less than five months to operating income of the Group's Hotels Division in 2013, which resulted in a decline of income for the Hong Kong hotels. In addition to lower attributable income from the spun off hotels, the Group also booked pre-opening and re-branding expenses for the hotels in North America, which also led to a lower EBITDA for the Hotel Division in 2013.

Overall, revenue from the Hotel Division declined by 15% year-on-year to HK$3,480.7 million in 2013, whilst EBITDA of the Hotels Division declined 35.7% year-on-year to HK$672.9 million in 2013. Nonetheless, if we exclude the impact of the pre-opening and re-branding expenses, a majority of the overseas hotels had a solid EBITDA growth in 2013.

From 30 May 2013 onward, the financial returns on our 57.72% equity stake in the three hotels in Hong Kong were reflected through our investment in LHI, under the section "Investment in LHI". While the financial figures for the Hong Kong hotels referred to above were compiled for the period up to 29 May 2013, hotels performance were discussed on a twelve month period from January to December of 2013, so as to provide a more meaningful comparative operational performance analysis.

HONG KONG HOTELS

The following discussion on the operational performance of the hotels was based on a twelve-month period from 1 January to 31 December of 2013. The comparisons were based on a twelve-month period so as to minimize distortions arising from seasonality and thus provided a more meaningful comparative operational performance analysis of the hotels.

The Langham, Hong Kong

The Langham, Hong Kong, witnessed softer demand from Europe, Australia and Japan. The softer demand from Australia and Japan was due to the depreciation of their currencies, which had depreciated markedly in 2013. Nonetheless, The Langham, Hong Kong continued to drive more business from individual tourist arrivals from Mainland China, and saw some rebound in travelers from the U.S. Therefore, The Langham, Hong Kong was able to achieve a 4.5% growth in RevPAR in 2013, and outperformed the overall High Tariff A hotel market in 2013.

For the year 2013, its occupancy increased by 2.8 percentage points in 2013 to 88.9% (2012: 86.1%) while average room rate increased 1.2% year-on-year to HK$2,266 (2012: HK$2,239).

At The Langham, Hong Kong, revenue from food and beverage rose 3% year-on-year in 2013 and was mainly driven by a higher average check as well as an overall improvement in the catering business. However compared with the growth seen in the first half of the year, business from banqueting was weaker in the second half. It was also worth noted that in 2013, the T'ang Court reclaimed its two star Michelin rating.

Langham Place, Hong Kong

Langham Place Hotel, Hong Kong, saw a decline in demand for rooms from Australia and Japan and also witnessed softer demand from some other long haul markets. Despite of these shortfalls, the hotel shifted its focus to accommodate a larger proportion of leisure travelers from Mainland China, as well as other Asian markets, resulting in an occupancy of 90.7% in 2013. For the year 2013, occupancy increased by 1.5 percentage points to 90.7% (2012: 89.2%) while average room rate increased 0.9% year-on-year to HK$1,883 (2012: HK$1,866).

For Langham Place Hotel, revenue from food and beverage saw a 2% year-on-year growth. Given the slow pick up in wedding banquets in the second half of 2013, the hotel accommodated more corporate and social catering events. Nonetheless, business at the refurbished Michelin-starred Ming Court Chinese restaurant has gained momentum.

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

Among the three Hong Kong hotels, Eaton, Hong Kong accommodated most of the newly added travelers arrivals from Mainland China. Other than the growth in arrival from Mainland China, with its family rooms and the positioning of the hotel towards budget travelers, the hotel also attracted arrivals from some European countries like Germany and Spain. With completion of the renovations on the last one-fifth of the guest rooms in the second half of 2013, the new rooms helped to increase the competitiveness of the hotel, and underpinned further growth in its market share.

Revenue from food and beverages rose 2% year-on-year in 2013 for Eaton, Hong Kong, mainly from improved business at the restaurants, given increased number of guests.

For the year 2013, the hotel achieved average occupancy of 95.1% on an average of 452 rooms (2012: 94.9% on an average of 445-rooms) and an average room rate of HK$1,208 (2012: HK$1,198).

OVERSEAS HOTELS

EUROPE

The Langham, London

As around 40% of the total arrivals at the Langham London are travelling from within the Eurozone, the stabilising conditions in the Eurozone helped to improve the performance of the hotel in 2013. RevPAR achieved by The Langham London grew 7.3% year-on-year in 2013 despite facing some tough prior year comparable with the 2012 London Olympics. The corporate market showed signs of increasing activity from the second quarter onwards and, coupled with improved leisure and group business, resulted in lifting RevPAR of the hotel.

Revenue from food and beverage was sustained by restaurant business with increased covers, which offset the shortfall from the weaker than anticipated catering segment.

For the year 2013, the hotel achieved occupancy of 81% (2012: 76%) and an average room rate of ₤278 (2012: ₤274).

NORTH AMERICA

The Langham, Boston

Given steadily improving economic conditions in the U.S. over 2013, The Langham, Boston witnessed an increase in demand for rooms, particularly from the leisure segment. As a result, the hotel managed to capture more weekend leisure business over 2013, which drove up occupancy for the hotel. However, the increase in guest mix toward lower yield leisure travelers resulted in flat average room rate achieved by the hotel.

Food and beverage revenue increased 11% on last year mainly from improved catering business, particularly from increased roadshows, corporate meetings and events.

For the year 2013, the hotel achieved average occupancy of 75% (2012: 67%) and an average room rate of US$242 (2012: US$242).

The Langham Huntington, Pasadena

The improved market sentiment helped lift RevPAR for the hotel, which grew by 6.9% year-on-year in 2013. The hotel focused in capturing higher yielding leisure and corporate travelers, which led to increases in both average room rate and occupancy for the hotel.

Food and beverage revenue rose 3% on last year, which was supported by positive growth in restaurants and catering, particularly in corporate meetings and events.

For the year 2013, the hotel achieved average occupancy of 75% (2012: 73%) and an average rate of US$ 228 (2012: US$219).

The Langham, Chicago

The hotel soft opened in early July 2013 with room inventory and other facilities gradually opened up from August onwards. The hotel has been instrumental in building our brand awareness in the Chicago city, but it will still take time for the Langham brand to fully penetrate the market. During 2013, we already made significant progress in positioning Langham as a recognised international luxury brand with the opening of Langham Chicago, which is located in the central business district of Chicago. The addition of this hotel will enhance brand awareness among our existing guests, and enable us to attract new customers to our collection of hotel properties. The charge of a one-time pre-opening expense affected the result of the hotel during the year.

From 10 July 2013 to 31 December 2013, the hotel achieved average occupancy of 47% (on an average of 239 available rooms) and an average rate of US$291.

Langham Place, Fifth Avenue, New York

Demand for rooms in New York has been steadily picking up over 2013, as the financial sector continued to recover from the financial crisis. The Hotel was rebranded under a Langham Place management contract from May 2013 and the acquisition of the 214-key hotel was completed in September. The hotel is gaining brand recognition in the city and penetrating the market.

From 25 September 2013 to 31 December 2013, the hotel achieved average occupancy of 81% and an average rate of US$627.

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

The hotel was rebranded to our own Eaton Chelsea brand on 1 July 2013. After this rebranding, all of the hotels that are wholly or partially owned by the Group are managed by our own hotel management subsidiary. In addition to the rebranding expense incurred, underlying performance of the hotel was also negatively impacted by the renovation of the lobby, restaurants and function rooms. Nonetheless, such renovations, in the long term, should help the hotel to maintain its market share. The combined effects of the rebranding and renovation impacted RevPAR achieved by the hotel in 2013, which dropped by 3.3% year -on-year to CAD85 in 2013.

Food and beverage revenue declined 11% year-on-year in 2013, which was mainly due to the refurbishment works on the restaurant and function rooms. Performance on food and beverage has gained momentum post the renovation.

For the year 2013, the hotel achieved average occupancy of 69% (2012: 70%) and an average rate of C$124 (2012: C$125).

AUSTRALIA/NEW ZEALAND

The Langham, Melbourne

A string of sporting events and conferences helped to boost performance of the Langham Melbourne in 2013. During the year, the hotel secured some major group events and together with its continued focus on increasing its share of higher yielding weekend retail leisure travelers, both have contributed to lifting the average occupancy and room rate for the hotel in 2013. RevPAR grew 11.2% year-on-year in 2013.

The last phase of the room renovation was completed in third quarter of 2013. The hotel is now in a better position to offer its guest a more luxurious stay, which should eventually help The Langham Melbourne to increase its market share.

Food and beverage revenue declined by 3% year-on-year in 2013, which was attributable to weak sales in restaurants and catering, particularly from corporate meetings and events.

For the year 2013, the hotel achieved occupancy of 86% on an average of 377 rooms (2012: 82% on an average of 374 rooms) and an average rate of A$277 (2012: A$261).

The Langham, Sydney

Positive results were achieved in its first full year of operation under the Langham brand. Room revenue was well-supported by the leisure and group segments. Food and beverage revenue was well-supported by restaurant business, offsetting the shortfall in the catering segment. The hotel also gained more market share and continued to gain brand recognition.

The hotel was acquired on 8 August 2012 with 2012's results based on a five-month period.

For the year 2013, the hotel achieved occupancy of 83% (2012: 77%) and an average rate of A$291 (2012: A$296).

The Langham, Auckland

As the demand from the corporate and group segment remained weak in 2013, the hotel strategically targeted to capture demand from the retail segment, which helped the hotel to grow its occupancy during 2013. However, as the focus was shifted to retail travelers, that has resulted in a modest decline in average room rate achieved.

Room revenue increased 6% on last year mainly from occupancy growth. The soft corporate and group business was offset by improved performance in retail segment.

With increased business from restaurants and catering, food and beverage revenue managed to remain steady when compared with 2012.

For the year 2013, the hotel achieved average occupancy of 76% (2012: 70%) and an average rate of NZ$177 (2012: NZ$181).

CHINA

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

The hotel rounded up the year with total revenue increasing 12% on 2012. The growth in room revenue was mainly driven by positive contribution in corporate and leisure business, as witnessed by the 9% increase in average room rate.

Healthy results in food and beverage revenue were derived from steady performances of banquets and the Chinese restaurant.

For the year 2013, the hotel achieved an occupancy of 59% on an average of 356 rooms (2012: 58% on an average of 350 available rooms) and an average rate of ¥1,696 (2012: ¥1,551).

HOTEL MANAGEMENT BUSINESS

In the second half of 2013, another long-term hotel management contract was added to the growing portfolio of hotels under management, Langham Place Guangzhou, joined as those of third-party hotels managed by our hotel management subsidiary. This opening brought the number of hotels in our management portfolio to eight with approximately 2,000 rooms at the end of 2013. Except for a 33.3% stake in the Langham Xintiandi, the Group has no equity stakes in these hotels. It should be noted that as compared with the number of managed hotels disclosed in the interim report of 2013, the Langham Place Fifth Avenue hotel has been excluded in calculating the number of hotels in our management portfolio, as the hotel became wholly owned by the Group since September 2013, and was no longer classified as a pure managed hotel.

ASSET ACQUISITIONS

In September 2013, the Group completed the acquisition of the 214-room luxurious hotel in Manhattan, New York. In October, the Group announced that it had entered into a sale and purchase agreement to acquire a prime office property in the heart of down town San Francisco for US$181 million. The acquisition was completed on 21 November 2013 at a slightly reduced price of US$179 million.

DEVELOPMENT PROJECTS

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. It is targeted for completion in two phases from 2014/15 onward, and upon the completion of excavation and foundation works, Phase 1 construction commenced in February 2012. As of the end of 2013, the Group had invested HK$631 million for its stake in the project.

A selection of the Phase 1 apartments were launched for pre-sale since September 2013 at an average selling price above RMB23,000 per sq. m., generating handsome operating margins. The project sets a new benchmark for luxury properties in the city by offering extraordinarily luxurious ambience with unobstructed sea view overlooking the Dalian harbour. It should be noted that the sales and profits on the presold apartments will not be booked in our income statement until handover of the apartments.

INCOME FROM CHAMPION REIT

Given the accounting change to consolidate our 60.35% stake in Champion REIT, such consolidation resulted in significant distortion to our underlying financial position. In this regard, the Group's core profit will continue to derive from attributable distribution income from Champion REIT in respect of the same financial period. We believe this will better reflect the underlying financial return and economic interest attributable to our investment in Champion REIT. On that basis, total income from Champion REIT in 2013 rose by 7.7% year-on-year to HK$1,033.2 million. With higher asset management income, which included an acquisition fee related to the four floors at Citibank Plaza, together with an increase in agency commission income in 2013, overall management fee income from Champion REIT rose 15.9% to HK$316.3 million in 2013 (2012: HK$272.8 million). Whilst attributable dividend income from Champion REIT rose 4.4% year-on-year to HK$716.9 million, the increase was mostly due to our increased holdings in Champion REIT.

	Year ended 31 December		
	2013	**2012**	**Change**
	HK$ million	***HK$ million***	
Attributable Dividend income	**716.9**	**686.5**	**4.4 %**
Management fee income	**316.3**	**272.8**	**15.9 %**
Total income from Champion REIT	**1,033.2**	**959.3**	**7.7%**

The following text were extracted from the annual results announcement of Champion REIT for the year of 2013 relating to the performance of the REIT's properties.

Citibank Plaza

The office leasing market in Central remained weak throughout 2013. Excluding for the acquisition of 4 vacant floors in the third quarter, the year-end occupancy would have been 89.2% as compared to 89.1% as of the end of 2012. The asking rent (the rental rate based on lettable floor area quoted for new tenancies) at Citibank Plaza is currently HK$80-85 per sq. ft. The passing rent (the average rental rate of existing tenancies) weakened marginally from HK$85.12 to HK$84.60 per sq. ft. as leases were rolled over. This resulted in a 0.3% drop in revenue to HK$1,202 million. After deducting expenses, the Net Property Income of Citibank Plaza was HK$990 million, a 1.1% decrease year-on-year.

Langham Place Office Tower

Asking rents (based on gross floor area) for office space at Langham Place have risen this year and are now HK$38-45 per sq. ft. compared to HK$32-40 per sq. ft. a year ago. Passing rent increased from HK$28.36 at the end of last year to HK$32.86 as of 31 December 2013. This was a result of positive rental reversion upon the rollover of 51% of the floor area during 2013. The occupancy rate at the Langham Place Office Tower was maintained at 99.0% as of 31 December 2013. Revenue for the Langham Place Office Tower was HK$289 million, a 9.5% increase over the HK$264 million reported last year. Net property income grew 7.6% from HK$216 million to HK$232 million.

Langham Place Mall

In 2013 the Mall continued to enjoy very high levels of foot traffic and remained fully let. Over the twelve months of 2013, tenancies representing 33% of the Mall's floor area were rolled over, driving a 25.6% increase in passing base rents (based on lettable floor area) from HK$114.89 per sq. ft. to HK$144.26 per sq. ft. Turnover rent income for 2013 increased by 4.2%, to HK$99 million, equivalent to an additional HK$25.87 per sq. ft. per month in income over the base rents. The overall increase in rent rates resulted in a 16.8% increase in revenue from HK$589 million to HK$688 million. Net property income increased by 16.9% from HK$450 million to HK$526 million.

Although total net property income for Champion REIT improved in 2013, distribution growth of the REIT was held back by higher borrowing costs. Cash interest expenses incurred by the REIT increased from HK$143 million in 2012 to HK$251 million in 2013. The increase was primarily due to the issuance of US$400 million of 10-year notes under the Medium Term Note programme at a favourable coupon rate of 3.75% in January 2013, as well as the rollover of over HK$2 billion in bank loans at a higher interest spread.

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 attributable distribution income, 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. As LHI was listed on 30 May 2013, distribution income covered the period from 30 May 2013 to 31 December 2013 in 2013. After taking into consideration of the distributions waived by the Group, distribution income from LHI came to HK$189 million in 2013.

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

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

	Year ended 31 December	
	2013	**2012**
	HK$ million	***HK$ million***
Attributable Distribution income	**189.0**	**n.a.**

INVESTMENT PROPERTIES

	Year ended 31 December		
	2013	**2012**	
Gross rental income	***HK$ million***	***HK$ million***	**Change**
Great Eagle Centre	**143.0**	**127.7**	**12.0%**
Eaton Serviced Apartments	**45.1**	**40.9**	**10.3%**
United States Office Properties	**121.3**	**108.3**	**12.0%**
Others	**25.1**	**24.2**	**3.7%**
	334.5	**301.1**	**11.1%**

Net rental income	***HK$ million***	***HK$ million***	**Change**
Great Eagle Centre	**128.2**	**123.8**	**3.6%**
Eaton Serviced Apartments	**28.1**	**28.5**	**-1.4%**
United States Office Properties	**51.6**	**42.2**	**22.3%**
Others	**1.7**	**1.9**	**- 10.5%**
	209.6	**196.4**	**6.7%**

Great Eagle Centre

On the back of sustaining demand from Mainland Chinese companies and to a lesser extent, relocation demand from Central tenants, asking rents for the office portion remained stable at between HK$60 to HK$73 per sq. ft. on lettable floor area throughout 2013. As such, average passing rent at the Great Eagle Centre went from HK$58.9 per sq. ft. as of December 2012 to HK$62.9 per sq. ft. as of December 2013. However, given the Group's planned strategy to relocate its hotel management subsidiary from Langham Place office tower to Great Eagle Centre from January 2014, this had resulted in increased downtime on certain office space when their leases expired during 2013. Primarily as a result of the space reserved for the aforesaid relocation, occupancy for the office portion of Great Eagle Centre was lowered to 92.9% as at the end of December 2013, as compared to 97.6% as at the end of December 2012.

While the retail space accounted for a smaller portion of total lettable floor area at Great Eagle Centre, it was benefitted from strong positive rental reversion, which lifted retail average passing rent from HK$79.5 per sq. ft as of December 2012 to HK$95.9 per sq. ft as of December 2013. The retail portion of Great Eagle Centre stayed at close to 100% occupancy throughout 2013. Overall, gross rental income for Great Eagle Centre increased 12% to HK$143.0 million in 2013 (2012: HK$127.7 million). However, net rental income was impacted by booking of additional expenses. These additional expenses are for the relocation and upgrading of the cooling water pumping facilities and other maintenance capital expenditure that cannot be capitalized. As a result, net rental income only rose 3.6% to HK$128.2 million in 2013 (2012: HK$123.8 million).

It should be noted that after the relocation of the Group's hotel management subsidiary to the Great Eagle Centre in January 2014, 14,852 sf. ft. of lettable floor area will be withdrawn from the total available floor area at Great Eagle Centre. As such, occupancy for the Great Eagle Centre will be adjusted accordingly in order to reflect the lower available floor area at Great Eagle Centre.

		As at the end of
	December 2013	**December 2012**
Office (on lettable area)		
Occupancy	**92.9%**	**97.6%**
Average passing rent	**HK$62.9**	**HK$58.9**
Retail (on lettable area)		
Occupancy	**99.4%**	**99.4%**
Average passing rent	**HK$95.9**	**HK$79.5**

Eaton Serviced Apartments

The plan to convert part of the rooms at the serviced apartments on Wanchai Gap Road to operate under guesthouse rooms, which can be rented on a nightly basis rather than monthly basis for serviced apartments, helped to lift performance for the Eaton Serviced Apartments. Average passing rent at the Wanchai Gap Road property rose 23.6% year-on-year, while occupancy grew by 2.9ppt year-on-year. The increase in rental income from the Wanchai Gap Road property had more than compensated the drop in rental income of the two serviced apartments in Happy Valley, which witnessed lower occupancies amid weaker demand.

Overall occupancy for the three serviced apartments still dropped 4.2ppt to 73.6% in 2013 from 77.8% in 2012. However, achieved rental rates rose 10.3% from HK$41.7 per sq. ft. on gross floor area in 2012 to HK$46.0 per sq. ft. in 2013. Gross rental income rose 10.3% year-on-year to HK$45.1 million in 2013. Although with higher operating expenses incurred for the Wanchai Gap Road property, and lower net rental income achieved by the two serviced apartments in Happy Valley, there was a small drop in net rental income, which dropped 1.4% year-on-year to HK$28.1 million in 2013.

	Year ended 31 December	
	2013	**2012**
(on gross floor area)		
Occupancy	**73.6%**	**77.8%**
Average passing rent	**HK$46.0**	**HK$41.7**

United States Properties

As technology companies continue to expand or migrate from the Peninsula and Silicon Valley to downtown San Francisco, San Francisco remains one of the strongest office markets in the U.S.. Vacancy rates in the San Francisco area continued to decline over 2013. As such, asking rental rates in the area remained on an upward trend in 2013. Hence, spot rents at 353 Sacramento, 500 Ygnacio, and the recently acquired 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 at the end of 2013 were still below its average passing rent. Operating statistics of the portfolio presented in the table below included that of 123 Mission Street from 21 November 2013.

		As at the end of
	December 2013	**December 2012**
(on net rentable area)		
Occupancy	**91.1%**	**88.9%**
Average passing rent	**US$36.5**	**US$33.4**

Excluding the newly acquired 123 Mission Street, occupancy of the portfolio would stood at 93.4% as at the end of 2013 as compared to 88.9% as at the end of 2012, whereas average passing rent for the portfolio would be US$34.5 per sq. ft. on net rentable area as of December 2013, as compared with US$33.4 per sq. ft. as at of December 2012.

Overall, gross rental income, which included approximately one month of contribution from the newly acquired 123 Mission Street, rose 12.1% to HK$121.3 million in 2013 (2012: HK$108.3 million). With primarily lower tenant inducement costs incurred at 353 Sacramento Street, net rental income rose 22.3% to HK$51.6 million in 2013 (2012: HK$42.2 million).

OUTLOOK

It appears the bond markets are responding to the idea that the tapering of the Fed’s quantitative easing does not necessary mean a tightening of monetary policy. This helped to maintain yields on U.S. treasuries. In China, the Third Plenum in November 2013 has produced a detailed reform blueprint for economic and social change for the next decade, which provides the foundation for the next stage of growth in China. All-in-all, economic growth is set to sustain around the world. Nevertheless, considering the number of possible risks that could trigger an economic downdraft this year, we must remain vigilant as the outlook seems uncertain. In particular, we should be prepared to deal with the upcoming impact from the Fed’s tapering, and be ready to respond to uncertainties in the global economy.

In 2014, we expect distributions and hotel management incomes from LHI to increase so as to reflect a full year of contribution after its listing in May 2013. For the three hotels owned by LHI, they have all witnessed an increase in RevPAR in the first six weeks of 2014. Booking pace is supporting growth trend into March 2014. However, with little visibility on future demand, macroeconomic trends of the major feeder markets will still play a key role in determining RevPAR growth for the Hong Kong hotels in 2014.

In terms of the outlook for the hotels outside of Hong Kong, our hotels in the U.S. will be benefitted from further recovery in the U.S. economy, where growth in hotel supply is limited for at least the next two years. For the hotel in London, we are cautiously optimistic, given signs of improving economic conditions in the U.K. and the Eurozone. Performance of the hotels in Australasia should be steady, whereas further impact from the rebranding of the hotel in Toronto may affect performance of the hotel in 2014.

For Champion REIT, there should be some downside for the income of Citibank Plaza. Fortunately, strong rental growth at Langham Place property should be able to counteract the potential weakness at Citibank Plaza. However, higher interest costs may once again hold back the growth in distributable income.

Although the economy at large continues to be challenging in some of the markets we operate, the Group is well-prepared to face these challenges. Looking forward, our strong financial position and cash rich position, as well as cash flow generation will enable us to pursue further opportunities for strengthening our growth prospects in the long term.

FINANCIAL REVIEW

DEBT

On statutory basis, after consolidating the results of Champion REIT and LHI, the consolidated net debts of the Group as of 31 December 2013 was HK$15,873 million, an increase of HK$4,036 million compared with that as of 31 December 2012. The increase in net borrowings during the year was due to a combination of factors including the net cash proceeds from the spin-off of the three Hong Kong hotels, as offset by new loans drawn by LHIL upon spin off; loans drawn for the acquisition of certain floors of Citibank Tower by Champion REIT and acquisition by the Group of two properties in United States. In addition, surplus 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 31 December 2013 and the depreciated costs of the Group’s hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK$49,956 million, representing an increase of HK$7,185 million compared to the restated value of HK$42,771 million as of 31 December 2012. The increase was mainly attributable to the profit for the year and surplus credited to other reserves on deemed disposal of the three Hong Kong hotels.

For accounting purpose, on consolidation the Group is treated as to include entire debts of Champion REIT and LHI. Based on such statutorily reported consolidated net debts (“Reported Debts”) and equity attributable to shareholders, the gearing ratio of the Group as at 31 December 2013 was 31.8%. However, since only 60.35% and 57.72% 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 31 December 2013	Consolidated	Sharing of Net Assets*
	HK$ million	***HK$ million***
Great Eagle	**(3,811)**	**(3,811)**
Champion REIT	**13,636**	**-**
LHI	**6,048**	**-**
Net debts (cash)	**15,873**	**(3,811)**
Equity Attributable to Shareholders of the Group	**49,956**	**57,289**
Gearing ratio as at 31December 2013	**31.8%**	**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 31 December 2013, the market value of these bonds and notes amounted to HK$2,048 million and invested securities amounted to HK$1,159 million. Should these amounts be taken into account, the consolidated net borrowings and gearing ratio would be reduced to HK$12,666 million and 25.4% respectively. The net cash based on sharing of net assets of Champion REIT and LHI would be correspondingly increased to HK$7,018 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 in Hong Kong dollars amounted to HK$26,584 million as of 31 December 2013. Foreign currency gross debts as of 31 December 2013 amounted to the equivalent of HK$6,784 million, of which the equivalent of HK$4,205 million or 62% was on fixed-rate basis.

FINANCE COST

The net consolidated finance cost incurred during the year was HK$394.1 million. Overall interest cover at the reporting date was 7.7 times.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 31 December 2013, our cash, bank deposits and undrawn loan facilities amounted to a total of HK$11,462 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 2013:

Within 1 year	26.5%
1-2 years	11.3%
3-5 years	50.5%
Over 5 years	11.7%

PLEDGE OF ASSETS

At 31 December 2013, properties of the Group with a total carrying value of approximately HK$57,509 million (31 December 2012: HK$64,649 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2013, 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$104 million (2012: HK$527 million) of which HK$77 million (2012: HK$454 million) was contracted for.

At 31 December 2013, the Group has outstanding financial commitment in respect of capital injection to a joint venture of RMB25.8 million (equivalent to HK$33 million) (2012: RMB26.5 million).

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

FINAL DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK43 cents per share (2012: HK43 cents per share) and a special final dividend of HK50 cents per shares (2012: Nil) for the year ended 31 December 2013 to the Shareholders subject to the approval of the Shareholders at the forthcoming 2014 Annual General Meeting (the "2014 AGM").

Taken together with the interim dividend of HK23 cents per share and a special interim dividend of HK$1.00 per shares paid on 16 October 2013, this will make a total dividend of HK$2.16 per share for the full year in 2013 (2012 total dividend: HK66 cents per share, comprising an interim dividend of HK23 cents and a final dividend of HK43 cents).

Shareholders will be given the option to receive the final dividend in new shares in lieu of cash ("Scrip Dividend Arrangement"). The Scrip Dividend Arrangement is subject to: (1) the approval of proposed final dividend at the 2014 AGM; and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Arrangement will be despatched to the Shareholders together with the form of election for scrip dividend in May 2014. Dividend warrants and share certificates in respect of the proposed final dividend are expected to be despatched to the Shareholders on 18 June 2014.

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 Shareholders' entitlement to attend and vote at the 2014 AGM

From Thursday, 24 April 2014 to Wednesday, 30 April 2014, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2014 AGM. In order to be eligible to attend and vote at the 2014 AGM, 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 (the "Branch Share Registrar") for registration not later than 4:30 p.m. on Wednesday, 23 April 2014.

(ii) For ascertaining Shareholders' entitlement to the proposed 2013 final dividend

From Friday, 9 May 2014 to Wednesday, 14 May 2014, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to the proposed 2013 final dividend. In order to qualify for the proposed 2013 final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar for registration not later than 4:30 p.m. on Thursday, 8 May 2014.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2014 AGM of the Company will be held on Wednesday, 30 April 2014, for the purpose of, among other things, approving the payment of a final dividend of HK43 cents per share and a special final dividend of HK50 cents per shares. The notice of 2014 AGM together with the 2013 Annual Report and all other relevant documents (the "Documents") will be despatched to the Shareholders before the end of March 2014. The Documents will also be published on the Company's website at www.greateagle.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

CORPORATE SOCIAL RESPONSIBILITY

Our corporate social responsibility (CSR) vision is "Create Value, Improve Quality of Life", which is based on our belief that CSR will create long-term value for our customers, partners, investors, employees and community. This approach improves the quality of life in our workplace as well as the local community and the world at large.

In addition to the four Environmental, Social and Governance Reporting areas: ***Workplace Quality, Environmental Protection, Operating Practices and Community Involvement***, we also focus on the environmental and social performance of our major businesses which include development, investment and management of hotels and properties.

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 Hotel Division and Property Management Division received various 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 by focusing all of our philanthropic resources – financial, volunteer, and in-kind – on these projects, we can engender greater social impact. In recognition of the Group's community involvement efforts, certain of our subsidiaries were awarded the "Caring Company" logos.

Moving forward, we conducted stakeholder engagement in 2013 for understanding our stakeholders' perceptions, concerns and priorities towards our CSR performance. We will take their suggestions into consideration when shaping our future CSR strategy and actions in the CSR Steering Committee for 2014. Embedding CSR into our organisational culture and integrating CSR into our daily operations will continue to be our CSR goals which enable us to Create Value, Improve Quality of Life.

EMPLOYEES

During the year, the number of employees of the Group increased approximately 11.75% to 5,584 (2012: 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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year under review, the Company has complied with all code provisions and mandatory disclosures contained in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to The Rules Governing the Listing of Securities on the Stock Exchange (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 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. Meanwhile, the day-to-day management and operation of the Group are delegated to divisional management under the leadership and supervision of Dr. Lo Ka Shui 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 (the "Bye-laws") require 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 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, 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, he has voluntarily disclosed his biographical details in accordance with Rule 13.74 in the circular to the Shareholders in relation to, among other things, the re-election of retiring Directors to be issued on or about 26 March 2014.

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 members 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 name basis and of the five highest paid individuals of the Group in the forms of aggregate amount and by bands in our annual reports is appropriate to maintain the equilibrium between transparency and privacy.

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 fully complied with the Code of Conduct for Securities Transactions throughout the year ended 31 December 2013.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities.

NEW SHARES ISSUED

As at 31 December 2013, the total number of issued shares of the Company was 639,275,964. A total of 7,876,354 new shares were issued during the year.

- On 21 June 2013, 4,979,854 new shares were issued at the price of HK$32.04 per share pursuant to the Scrip Dividend Arrangement (the "Arrangement") in respect of the 2012 Final Dividend. Details of the Arrangement were set out in the announcement published by the Company on 15 May 2013 and the circular to the Shareholders dated 21 May 2013 respectively.

- During the year ended 31 December 2013, 2,896,500 new shares were issued pursuant to exercise of share options under the Share Option Scheme of the Company by Directors and employees of the Company or its subsidiaries.

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 2013 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 2013 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, 26 February 2014

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	**2013** **HK$'000**	2012 HK$'000 (restated)
Revenue	4	**7,301,014**	6,746,623
Cost of goods and services		**(4,050,484)**	(3,668,741)
Operating profit before depreciation		**3,250,530**	3,077,882
Depreciation		**(403,739)**	(372,610)
Operating profit		**2,846,791**	2,705,272
Other income	6	**245,547**	55,734
Fair value changes on investment properties		**1,119,261**	3,870,472
Reversal of impairment loss in respect of a hotel property		**149,170**	-
Fair value change of derivative components of convertible bonds		**308,236**	(149,966)
Fair value changes on derivative financial instruments		**812**	1,035
Fair value changes on financial assets designated at fair value through profit or loss		**37,170**	-
Gain on conversion of convertible bonds		**29,302**	-
Administrative and other expenses		**(340,948)**	(255,099)
Finance costs	7	**(545,171)**	(404,140)
Share of results of associates		**(9,514)**	21,221
Share of results of a joint venture		**(36,681)**	(9,899)
Profit before tax		**3,803,975**	5,834,630
Income taxes	8	**(426,312)**	(442,980)
Profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	9	**3,377,663**	5,391,650
Profit for the year attributable to:			
Owners of the Company		**2,399,472**	3,551,830
Non-controlling interests		**71,893**	836
		2,471,365	3,552,666
Non-controlling unitholders of Champion REIT		**906,298**	1,838,984
		3,377,663	5,391,650
Earnings per share:			
Basic	11	**HK$3.76**	HK$5.63

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 HK$'000	2012 HK$'000 (restated)
Profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	**3,377,663**	5,391,650
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investments	**72,930**	13,975
Reclassification adjustment upon disposal of available-for-sale investments	**(20,587)**	-
Exchange differences arising on translation of foreign operations	**(109,781)**	111,127
Share of other comprehensive (expense) income of associates	**(6,826)**	31
Share of other comprehensive income of a joint venture	**18,671**	5,119
Cash flow hedges:		
Fair value adjustment on cross currency swaps designated as cash flow hedge	**(41,833)**	-
Reclassification of fair value adjustments to profit or loss	**(3,081)**	-
Other comprehensive (expense) income for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**(90,507)**	130,252
Total comprehensive income for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**3,287,156**	5,521,902
Total comprehensive income for the year attributable to:		
Owners of the Company	**2,326,773**	3,682,082
Non-controlling interests	**71,893**	836
	2,398,666	3,682,918
Non-controlling unitholders of Champion REIT	**888,490**	1,838,984
	3,287,156	5,521,902

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	NOTES	**31.12.2013**	31.12.2012	1.1.2012
		HK$'000	HK$'000	HK$'000
			(restated)	(restated)
Non-current assets				
Property, plant and equipment		**13,390,302**	11,216,070	10,140,331
Investment properties		**68,586,519**	63,630,210	59,736,676
Interests in associates		**391,939**	555,556	514,852
Investment in a joint venture		**630,700**	648,710	653,490
Available-for-sale investments		**1,159,141**	133,711	92,775
Derivative financial instruments		**43**	-	-
Notes receivable		**186,304**	-	77,697
Restricted cash		**13,048**	122,487	12,295
		84,357,996	76,306,744	71,228,116
Current assets				
Inventories		**106,490**	93,754	95,240
Debtors, deposits and prepayments	12	**604,243**	551,447	457,893
Financial assets designated at fair value through profit or loss		**1,851,224**	-	-
Derivative financial instruments		**771**	-	-
Notes receivable		**8,875**	-	96,251
Tax recoverable		**63,634**	1,257	1,798
Short term loan receivable		**67,072**	-	-
Bank balances and cash		**10,711,723**	4,962,339	3,732,040
		13,414,032	5,608,797	4,383,222
Current liabilities				
Creditors, deposits and accruals	13	**2,933,907**	2,479,684	2,247,230
Provision for taxation		**116,386**	217,159	144,821
Distribution payable		**250,202**	256,562	285,442
Derivative financial instruments		-	-	903
Borrowings due within one year		**7,042,379**	3,329,626	2,585,306
Convertible bonds		-	3,051,344	-
		10,342,874	9,334,375	5,263,702
Net current assets (liabilities)		**3,071,158**	(3,725,578)	(880,480)
Total assets less current liabilities		**87,429,154**	72,581,166	70,347,636
Non-current liabilities				
Derivative financial instruments		**41,833**	-	131
Borrowings due after one year		**16,281,686**	10,371,674	10,216,343
Medium term note		**3,065,494**	-	-
Convertible bonds		-	-	2,798,333
Deferred taxation		**953,067**	787,752	626,915
		20,342,080	11,159,426	13,641,722
NET ASSETS		**67,087,074**	61,421,740	56,705,914

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	31.12.2013	31.12.2012	1.1.2012
	HK$'000	HK$'000	HK$'000
		(restated)	(restated)
Equity attributable to:			
Owners of the Company			
Share capital	**319,638**	315,700	314,533
Share premium and reserves	**49,636,387**	42,455,304	37,668,567
	49,956,025	42,771,004	37,983,100
Non-controlling interests	**(855,761)**	2,859	-
	49,100,264	42,773,863	37,983,100
Net assets attributable to non-controlling unitholders of Champion REIT	**17,986,810**	18,647,877	18,722,814
	67,087,074	61,421,740	56,705,914

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 "Stock Exchange").

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development and investment, hotel and restaurant operations, 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:

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

Except as described below, 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

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad, the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about the fair value measurements, except for a few exceptions.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

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

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

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

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

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

Impact of the application of HKFRS 10

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

As at 23 July 2010, the Group held 51.28% ownership interest in Champion Real Estate Investment Trust ("Champion REIT"), which is listed on the Stock Exchange. At that time, the Group's 51.28% ownership interest in Champion REIT gave the Group the same percentage of the voting rights in Champion REIT and the remaining 48.72% of the units of Champion REIT are owned by numerous unitholders, none individually holding more than one per cent with the exception of two unitholders who held 3.33% and 1.54% respectively. Since then the Group continued to hold increasing ownership interests in Champion REIT and as at 31 December 2013, the Group has a 60.35% ownership interest. The Directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over Champion REIT in accordance with the new definition of control and the related guidance set out in HKFRS 10. The Directors of the Company concluded that, solely for the purpose of HKFRS 10, it would have had control over Champion REIT since 23 July 2010 on the basis of the Group's absolute size of holding in Champion REIT and the relative size and dispersion of the unitholdings owned by the other unitholders. Therefore, in accordance with the requirements of HKFRS 10, Champion REIT has been a subsidiary of the Company. Previously, Champion REIT was treated as an associate of the Group and accounted for using the equity method of accounting. Comparative figures for 2012 and related amount as at 1 January 2012 have been restated in accordance with the relevant transitional provisions set out in HKFRS 10.

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

Impact of the application of HKFRS 11

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

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

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

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

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

Summary of the effect of the above changes in accounting policy

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

Impact on profit and other comprehensive income for the year:

	Year ended 31/12/2012 HK$'000
Increase in revenue	1,753,296
Increase in costs of goods and services	(290,934)
Increase in fair value changes on investment properties	3,435,451
Decrease in fair value changes of derivative financial instruments	(42,697)
Decrease in fair value of derivative components of convertible bonds	(149,966)
Decrease in other income	(100,970)
Increase in administrative and other expenses	(17,605)
Increase in finance costs	(296,502)
Decrease in share of results of associates	(2,230,860)
Increase in income taxes	(220,229)
Profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	1,838,984
Profit for the year attributable to:	
Owners of the Company	-
Non-controlling interests	-
	-
Non-controlling unitholders of Champion REIT	1,838,984
	1,838,984
Other comprehensive expense for the year attributable to:	
Owners of the Company	-
Non-controlling interests	-
	-
Non-controlling unitholders of Champion REIT	-
	-
	1,838,984

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

Summary of the effect of the above changes in accounting policy - continued

The effect of the change in accounting policy described above on the assets and liabilities of the Group as at the end of the immediately preceding financial year 31 December 2012 and 1 January 2012 are as follows:

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

	As at 1 January 2012 (originally stated) HK$'000	Adjustments HK$'000	As at 1 January 2012 (restated) HK$'000
Investment properties	4,879,376	54,857,300	59,736,676
Interests in associates	16,460,751	(15,945,899)	514,852
Investment in convertible bonds	2,834,389	(2,834,389)	-
Debtors, deposits and prepayments	423,417	34,476	457,893
Tax recoverable	-	1,798	1,798
Bank balances and cash	2,439,288	1,292,752	3,732,040
Creditors, deposits and accruals	(817,682)	(1,429,548)	(2,247,230)
Provision for taxation	(70,833)	(73,988)	(144,821)
Distribution payable	-	(285,442)	(285,442)
Borrowings	(3,394,168)	(9,407,481)	(12,801,649)
Convertible bonds	-	(2,798,333)	(2,798,333)
Deferred taxation	(332,461)	(294,454)	(626,915)
Net assets attributable to non-controlling unitholders of Champion REIT	-	(18,722,814)	(18,722,814)
		4,393,978	

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

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC) - Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014.
[2] Effective for annual periods beginning on or after 1 July 2014.
[3] Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
[5] Effective for first time annual HKFRS financial statements beginning on or after 1 January 2016.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition and further amended in 2013 to include the new requirements for hedge accounting. Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods.

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

HKFRS 9 "Financial Instruments"- continued

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liabilities designated as at fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedge accounting and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company anticipate that the application of HKFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group’s financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The Directors of the Company anticipate that the application of other new and revised standards, amendments or interpretation 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 ended 31 December 2012.

4. REVENUE

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

	2013 **HK$'000**	2012 HK$'000 (restated)
Property rental income	**2,272,258**	2,136,399
Building management service income	**212,896**	194,562
Hotel income	**4,434,379**	4,094,726
Sales of goods	**194,662**	150,309
Dividend income	**13,780**	3,267
Others	**173,039**	167,360
	7,301,014	6,746,623

5. SEGMENT INFORMATION

Operating segments are identified on the basis of organisational structure and internal reports about components of the Group. Such internal reports are regularly reviewed by the chief operating decision maker ("CODM") (i.e. the chairman and managing director of the Group) in order to allocate resources to segments and to assess their performance. Performance assessment is more specifically focused on the segment results of each listed group, including Great Eagle Holdings Limited, Champion REIT and Langham Hospitality Investments ("Langham"). During the year, the Group has completed a separate spin-off of three Hong Kong hotel properties, resulting in the listed company, Langham and therefore its segment information is separately disclosed in the current year. Additionally, the results of the Group, with the exclusion of results of Champion REIT and Langham, are reported in more detailed reportable segments. As such, comparative information for segment reporting has been restated. The Group's operating and reportable segments under HKFRS 8 are as follows:

Property investment	-	gross rental income and building management service income from leasing of furnished apartments and properties held for investment potential.
Hotel operation	-	hotel accommodation, food and banquet operations as well as hotel management.
Other operations	-	sales of building materials, restaurant operation, fitness centre operation, investment in securities, provision of property management, maintenance and property agency services.
Results from Champion REIT	-	based on published financial information of Champion REIT.
Results from Langham	-	based on published financial information of Langham.

5. 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 and derivative financial instruments, financial assets designated at fair value through profit or loss, reversal of impairment loss in respect of a hotel property, 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 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:

Segment revenue and results

2013

	Property investment HK$'000	Hotel operation HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE								
External revenue	334,454	4,434,379	381,481	5,150,314	2,147,736	2,964	-	7,301,014
Inter-segment revenue	-	47,091	316,287	363,378	31,532	468,800	(863,710)	-
Total	334,454	4,481,470	697,768	5,513,692	2,179,268	471,764	(863,710)	7,301,014

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

	Property investment HK$'000	Hotel operation HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS								
Segment results	209,613	672,926	460,844	1,343,383	1,538,066	394,392	(25,311)	3,250,530
Depreciation				(313,243)	-	(90,496)		(403,739)
Operating profit after depreciation				1,030,140	1,538,066	303,896	(25,311)	2,846,791
Fair value changes on investment properties				288,720	808,988	-	21,553	1,119,261
Fair value changes on derivative financial instruments				812	308,236	-		309,048
Fair value changes on financial assets designated at FVTPL				37,170	-	-		37,170
Gain on conversion of convertible bonds				-	29,302	-		29,302
Reversal of impairment loss in respect of a hotel property				149,170	-	-		149,170
Other income				90,060	-	4,452		94,512
Administrative and other expenses				(281,055)	(20,707)	(42,944)	3,758	(340,948)
Net finance costs				6,484	(329,019)	(71,601)		(394,136)
Share of results of associates				(9,514)	-	-		(9,514)
Share of results of a joint venture				(36,681)	-	-		(36,681)
Profit before tax				1,275,306	2,334,866	193,803		3,803,975
Income taxes				(262,725)	(136,212)	(27,375)		(426,312)
Profit for the year				1,012,581	2,198,654	166,428		3,377,663
Less: Profit attributable to non-controlling interests / non-controlling unitholders of Champion REIT				(1,533)	(906,298)	(70,360)		(978,191)
Profit attributable to owners of the Company				1,011,048	1,292,356	96,068		2,399,472

5. SEGMENT INFORMATION - continued

Segment revenue and results - continued

2012

	Property investment HK$'000 (restated)	Hotel operation HK$'000 (restated)	Other operations HK$'000 (restated)	Sub-total HK$'000 (restated)	Champion REIT HK$'000 (restated)	Eliminations HK$'000 (restated)	Consolidated HK$'000 (restated)
REVENUE							
External revenue	301,135	4,094,726	320,936	4,716,797	2,029,826	-	6,746,623
Inter-segment revenue	-	-	276,530	276,530	29,188	(305,718)	-
Total	301,135	4,094,726	597,466	4,993,327	2,059,014	(305,718)	6,746,623

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

	Property investment HK$'000 (restated)	Hotel operation HK$'000 (restated)	Other operations HK$'000 (restated)	Sub-total HK$'000 (restated)	Champion REIT HK$'000 (restated)	Eliminations HK$'000 (restated)	Consolidated HK$'000 (restated)
RESULTS							
Segment results	196,424	1,045,773	373,323	1,615,520	1,465,904	(3,542)	3,077,882
Depreciation				(372,610)	-		(372,610)
Operating profit after depreciation				1,242,910	1,465,904	(3,542)	2,705,272
Fair value changes on investment properties				435,021	3,435,451		3,870,472
Fair value changes on derivative financial instruments				43,732	(192,663)		(148,931)
Gain on conversion of convertible bonds				-	90,107	(90,107)	-
Other income				16,663	-		16,663
Administrative and other expenses				(237,494)	(21,147)	3,542	(255,099)
Net finance costs				32,403	(397,472)		(365,069)
Share of results of associates				21,221	-		21,221
Share of results of a joint venture				(9,899)	-		(9,899)
Profit before tax				1,544,557	4,380,180		5,834,630
Income taxes				(222,751)	(220,229)		(442,980)
Profit for the year				1,321,806	4,159,951		5,391,650
Less: Profit attributable to non-controlling interests / non-controlling unitholders of Champion REIT				(836)	(1,838,984)		(1,839,820)
Profit attributable to owners of the Company				1,320,970	2,320,967		3,551,830

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

6. OTHER INCOME

	2013 **HK$'000**	2012 HK$'000 (restated)
Interest income on:		
Bank deposits	**136,148**	36,238
Financial assets designated at fair value through profit or loss	**8,996**	-
Listed debt securities	**2,252**	-
Notes receivable	**3,639**	2,833
	151,035	39,071
Net exchange gain	**71,210**	14,098
Gain on disposal of available-for-sale investments	**20,587**	-
Recovery of bad debts written off	**-**	405
Sundry income	**2,715**	2,160
	245,547	55,734

7. FINANCE COSTS

	2013	2012
	HK$'000	HK$'000 (restated)
Interest on bank borrowings wholly repayable within five years	**260,121**	170,959
Interest on other loans wholly repayable within five years	**42,356**	33,372
Interest on convertible bonds wholly repayable within five years	**69,969**	160,244
Interest on medium term note not wholly repayable within five years	**107,648**	-
Other borrowing costs	**65,077**	39,565
	545,171	404,140

8. INCOME TAXES

	2013	2012
	HK$'000	HK$'000 (restated)
Current tax:		
Current year:		
Hong Kong Profits Tax	**202,819**	275,484
Other jurisdictions	**34,536**	17,800
	237,355	293,284
Under(over)provision in prior years:		
Hong Kong Profits Tax	**10,404**	(2,265)
Other jurisdictions	**4,541**	(1,665)
	14,945	(3,930)
	252,300	289,354
Deferred tax:		
Current year	**219,212**	141,242
(Over)underprovision in prior years	**(40,857)**	12,384
Attributable to change in tax rate	**(4,343)**	-
	174,012	153,626
	426,312	442,980

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

	2013 HK$'000	2012 HK$'000 (restated)
Profit for the year has been arrived at after charging:		
Staff costs (including Directors' emoluments)	**1,817,401**	1,695,541
Share based payments (including Directors' emoluments)	**15,042**	16,610
	1,832,443	1,712,151
Depreciation	**403,739**	372,610
Auditor's remuneration	**10,550**	8,735
Trustee's remuneration	**10,534**	9,978
Allowance for doubtful debts (included in other expenses)	**991**	-
Cost of inventories recognised as an expense	**589,765**	542,377
Fitting-out works of hotel building written off (included in other expenses)	**105**	673
Impairment loss on an unlisted available-for-sale investments	**7,794**	-
Listing expenses in relation to the spin-off of Langham (note)	**40,960**	-
Loss on disposal of property, plant and equipment	**410**	152
Operating lease payments on rented premises	**15,512**	6,002
Share of tax of associates (included in the share of results of associates)	**3,902**	10,111
and after crediting:		
Dividend income from listed available-for-sale investments	**13,780**	3,267
Gain on disposal of listed available-for-sale investments	**20,587**	-
Net exchange gain	**70,626**	14,098
Recovery of bad debts written off	**-**	405
Rental income from investment properties less related outgoings of HK$314,863,000 (2012 (restated): HK$274,195,000)	**1,957,395**	1,862,204

Note: The amount represents the portion of listing expenses recognised in the profit or loss of which HK$34,748,000 was borne by Langham.

10. DIVIDENDS

	2013	2012
	HK$'000	HK$'000
Dividends paid:		
- Final dividend of HK43 cents in respect of the financial year ended 31 December 2012 (2012: HK40 cents in respect of the financial year ended 31 December 2011) per ordinary share	**272,684**	251,604
- Interim dividend of HK23 cents in respect of the financial year ended 31 December 2013 (2012: HK23 cents in respect of the financial year ended 31 December 2012) per ordinary share	**147,033**	145,210
- Special interim dividend of HK$1 in respect of the financial year ended 31 December 2013 (2012: nil) per ordinary share	**639,276**	-
	1,058,993	396,814

On 21 June 2013, a final dividend of HK43 cents per ordinary share, which included scrip dividend alternatives offered to shareholders, was paid to shareholders as the final dividend in respect of the financial year ended 31 December 2012 (2012: final dividend of HK40 cents in respect of the financial year ended 31 December 2011). The scrip dividend alternatives were accepted by the shareholders as follows:

	2013	2012
	HK$'000	HK$'000
Dividends:		
Cash	**113,129**	204,824
Share alternative	**159,555**	46,780
	272,684	251,604

	2013	2012
	HK$'000	HK$'000
Dividends proposed:		
- Proposed final dividend of HK43 cents in respect of the financial year ended 31 December 2013 (2012: HK43 cents in respect of the financial year ended 31 December 2012) per ordinary share	**274,889**	271,502
- Proposed special final dividend of HK50 cents in respect of the financial year ended 31 December 2013 (2012: nil) per ordinary share	**319,638**	-

The proposed final dividends in respect of the financial year ended 31 December 2013 is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

	2013 HK$	2012 HK$
Earnings per share:		
Basic	**3.76**	5.63
Diluted	**3.32**	5.58

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

	2013 HK$'000	2012 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**2,399,472**	3,551,830
Adjustment to earnings on assumed conversion of convertible bonds in Champion REIT (note)	**(272,939)**	(24,589)
Earnings for the purpose of diluted earnings per share	**2,126,533**	3,527,241

	2013	2012
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**638,390,959**	631,186,495
Effect of dilutive potential shares:		
Share options	**1,274,695**	417,885
Weighted average number of shares for the purpose of diluted earnings per share	**639,665,654**	631,604,380

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 change in earnings attributable to the owners of the Company due to change 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.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2013 HK$'000	2012 HK$'000 (restated)
Trade debtors, net of allowance for doubtful debts	**301,250**	287,632
Deferred rent receivables	**101,931**	125,574
Other receivables	**74,029**	12,399
Deposits and prepayments	**127,033**	125,842
	604,243	551,447

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

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

	2013 HK$'000	2012 HK$'000 (restated)
0 - 3 months	**226,481**	200,475
3 - 6 months	**14,740**	21,530
Over 6 months	**60,029**	65,627
	301,250	287,632

13. CREDITORS, DEPOSITS AND ACCRUALS

	2013 HK$'000	2012 HK$'000 (restated)
Trade creditors	**191,674**	204,366
Deposits received	**708,124**	638,435
Construction fee payable and retention money payable	**11,844**	17,020
Accruals, interest payable and other payables	**2,022,265**	1,619,863
	2,933,907	2,479,684

Included in accruals and other payables is accrual of stamp duty of HK$963,475,000 (2012 (restated): HK$963,475,000) which is based on the current applicable stamp duty rate of 4.25% (2012: 4.25%) and the stated consideration of HK$22,670,000,000 in the property sale and purchase agreements for the legal assignment of the investment properties which Champion REIT acquired the property interests in Citibank Plaza upon listing and an accrual for stamp duty of HK$91,600,000 (2012: nil) in regards to the acquisition of certain properties in Citibank Plaza during the year.

13. CREDITORS, DEPOSITS AND ACCRUALS - continued

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

	2013 **HK$'000**	2012 HK$'000 (restated)
0 - 3 months	**179,568**	192,222
3 - 6 months	**1,295**	1,646
Over 6 months	**10,811**	10,498
	191,674	204,366