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

2014 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 2014 as follows:

	Year ended 31 December		
	2014	**2013**	**Change**
	HK$ million	HK$ million	
Key Financials on Income Statement			
Based on core business[1]			
Revenue based on core business	5,594.4	5,418.9	3.2%
Core profit after tax attributable to equity holders	1,919.2	1,679.9	14.2%
Core profit after tax attributable to equity holders (per share)	HK$ 2.93	HK$ 2.63	
Based on statutory accounting principles[2]			
Revenue based on statutory accounting principles	8,127.4	7,301.0	11.3%
Statutory Profit attributable to equity holders	2,115.1	2,399.5	- 11.9%
Interim Dividend (per share)	HK$ 0.27	HK$ 0.23	
Final Dividend (per share)	HK$ 0.47	HK$ 0.43	
Special Dividend (per share)	-	HK$ 1.50	
Total Dividend (per share)	HK$ 0.74	HK$ 2.16	

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

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

	As at the end of	
	December 2014	**June 2014**
Key Financials on Balance Sheet		
Based on share of Net Assets of Champion REIT, LHI and U.S. Fund (core balance sheet)[1]		
Net gearing	Net Cash	Net Cash
Book value (per share)	HK$ 90.5	HK$ 88.2
Based on statutory accounting principles[2]		
Net gearing	34.6%	33.0%
Book value (per share)	HK$ 78.9	HK$ 76.9

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

[2] As for the Group's balance sheet prepared under the statutory accounting principles, the entire debts of Champion REIT, LHI and the U.S. Fund were consolidated in aggregate. However, the Group only owns a 61.7%, 58.2% and 48.9% equity stake of Champion REIT, LHI and the U.S. Fund respectively as at the end of December 2014.

Core Profit - Financial Figures based on core business

	Year ended 31 December		
	2014	**2013**	**Change**
	HK$ million	HK$ million	
Revenue from core business			
Gross Rental Income	417.0	334.5	24.7%
Hotels Division*	3,361.4	3,480.7	- 3.4%
Management Fee Income from Champion REIT	310.2	316.3	- 1.9%
Distribution Income from Champion REIT^	717.2	716.9	0.0%
Distribution Income from LHI^	306.0	189.0	61.9%
Other operations	482.6	381.5	26.5%
	5,594.4	**5,418.9**	**3.2%**
Net Rental Income	262.8	209.6	25.4%
Hotel EBITDA*	514.7	672.9	- 23.5%
Management Fee Inc. from Champion REIT	310.2	316.3	-1.9%
Distribution Income from Champion REIT^	717.2	716.9	0.0%
Distribution Income from LHI^	306.0	189.0	61.9%
Operating income from other operations	195.7	144.6	35.3%
Operating Income from core business	**2,306.6**	**2,249.3**	**2.5%**
Depreciation	(143.4)	(122.2)	17.3%
Other income (including Interest income)	486.3	155.5	212.7%
Administrative expenses	(314.5)	(281.2)	11.8%
Other expense	(93.2)	-	n.a.
Finance costs	(166.3)	(125.7)	32.3%
Share of results of associates	9.5	11.1	- 14.4%
Share of results of a Joint Venture	(36.4)	(36.7)	-0.8%
Core profit before tax	**2,048.6**	**1,850.1**	**10.7%**
Taxes	(126.9)	(168.7)	- 24.8%
Core profit after tax	**1,921.7**	**1,681.4**	**14.3%**
Non-controlling interest	(2.5)	(1.5)	66.7%
Core profit attributable to equity holders	**1,919.2**	**1,679.9**	**14.2%**

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

^ The Group's core profit is based on attributable distribution income from Champion REIT, LHI and the U.S. Fund.

Segment assets and liabilities (Based on net assets of Champion REIT, LHI and U. S. Fund)

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

31 December 2014

	Assets	**Liabilities**	**Net Assets**
	HK$ million	**HK$ million**	**HK$ million**
Great Eagle operations (note 1)	**31,742.2**	**8,293.4**	**23,448.8**
U.S. Fund (note 2)	**1,043.0**	**254.6**	**788.4**
Champion REIT (note 3)	**39,239.2**	**10,356.9**	**28,882.3**
LHI (note 3)	**10,307.6**	**4,088.3**	**6,219.3**
	82,332.0	**22,993.2**	**59,338.8**

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 3)	37,914.5	10,156.5	27,758.0
LHI (note 3)	10,148.8	3,989.9	6,158.9
	78,462.6	21,173.7	57,288.9

Note 1: Included in the assets and liabilities are bank deposit and restricted cash of HK$7,765,491,000 (31 December 2013: HK$8,906,402,000) and principal debts of HK$6,089,419,000 (31 December 2013: HK$5,082,384,000), representing net cash of HK$1,676,072,000 as at 31 December 2014 (31 December 2013: net cash of HK$3,824,018,000).

Note 2: Assets and liabilities of the U.S. Fund is based on financial information of the fund at 48.9% interest held by Great Eagle Holdings Limited.

Note 3: 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 61.7% and 58.2%, respectively (31 December 2013: 60.4% interests in Champion REIT and 57.7% interests in LHI held). Additionally, the assets of LHI include the hotel properties' appraised value as of 31 December 2014.

Financial Figures based on Statutory Accounting Principles

	Year ended 31 December		
	2014	2013	Change
	HK$ million	HK$ million	
Revenue based on statutory accounting principles			
Gross Rental Income	439.5	334.5	31.4%
Hotels Division	4,944.7	4,434.4	11.5%
Management Fee Income from Champion REIT	310.2	316.3	- 1.9%
Other operations	482.6	381.5	26.5%
Hotel Management fee Income from LHI	75.7	47.1	60.7%
Gross Rental income of Champion REIT	2,288.2	2,179.3	5.0%
Gross Rental income of LHI	751.7	471.8	59.3%
Elimination on Intra-Group transactions	(1,165.2)	(863.9)	34.9%
Consolidated total revenue	**8,127.4**	**7,301.0**	**11.3%**
Net Rental Income	272.0	209.6	29.8%
Hotel EBITDA	1,147.3	1,084.1	5.8%
Net Rental income from Champion REIT	1,870.6	1,801.3	3.8%
Operating income from other operations	198.5	155.5	27.7%
Operating Income	**3,488.4**	**3,250.5**	**7.3%**
Depreciation	(487.8)	(403.7)	20.8%
Fair value changes on Investment properties	1,204.9	1,119.3	7.6%
Fair value changes on Derivative Financial Instruments	(0.3)	309.0	- 100.1%
Fair value changes of financial assets designated at fair value through profit or loss	2.3	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.
Other income (including Interest income)	539.6	245.5	119.8%
Administrative expenses	(350.6)	(340.9)	2.8%
Other expenses	(220.9)	-	n.a
Finance costs	(623.4)	(545.2)	14.3%
Share of results of associates	(9.7)	(9.5)	2.1%
Share of results of a Joint Venture	(36.4)	(36.7)	- 0.8%
Statutory profit before tax	**3,506.1**	**3,804.0**	**- 7.8%**
Taxes	(496.3)	(426.3)	16.4%
Statutory profit after tax	**3,009.8**	**3,377.7**	**- 10.9%**
Non-controlling interest	(894.7)	(978.2)	- 8.5%
Statutory profit attributable to equity holders	**2,115.1**	**2,399.5**	**- 11.9%**

OVERVIEW

2014 marked another fruitful year for the Group, as we closed on several acquisitions and expanded our management fee income business. In addition to continue expanding our hotel penetration to gateway cities with the acquisition of a hotel in Washington, D.C., we had increased our hotel investments in Shanghai and solidified our presence in one of the world's increasingly important cities. Furthermore, we have re-entered Hong Kong's residential development market at a relatively low land cost and made progress with investment in the U.S. Fund. As the asset manager of the U.S. Fund, we had acquired a site in San Francisco for residential development that was funded by capital contributed by our joint venture partner. We are currently performing due diligence on another site for the U.S. Fund, the site is located in a well soughtafter neighborhood in New York.

As for the financial year ended 31 December 2014, revenue based on core business of the Group reached HK$5,594 million, and was 3.2% higher than that last year (2013: HK$5,419 million). The increase was due to the full year contribution in distribution income for our equity stake in LHI, as well as higher rental income from our investment property portfolio. Despite the absence of revenue from the Hong Kong hotels after the spinoff in May 2013, such shortfall had been almost made up by the increased revenue from our overseas hotels given the full year contribution from The Langham Chicago and Langham Place Fifth Avenue.

Operating income from core business rose by 2.5% year-on-year to HK$2,307 million in 2014 (2013: HK$2,249 million). The slower growth in operating income as compared with revenue was due to lower profit margin of the Hotels Division. Compared with 2013, when there are almost five months of contribution from Hong Kong hotels that commanded higher operating margins, the majority of revenue from the Hotels Division in 2014 was from overseas hotels that had lower operating margins. Operating margins on most of the Group's other businesses remained steady in 2014.

While the increase in operating income was small, a sharp increase in interest income and realized gains on securities investment were attributable to lifting core profit. The Group's interest income increased more than double to HK$291 million in 2014 (2013: HK$132 million), given the full year impact of the Group's enlarged cash position after the spinoff in May 2013. As a minor part of the Group's cash were more actively managed and invested in securities, there was a realized gain of HK$134 million on the Group's securities investment in 2014, which was much higher than the HK$20 million booked in 2013. Realised gains on securities investment were included under the "other income" item.

The increase in interest income and realized gain on securities investment were partially offset by increased interest expense and administrative expense. There was also a one-off write off relating to the fitting and fixture at The Langham Sydney and a provision on the exchange loss arising from the depreciation of Renminbi that the Group held.

Interest expense was HK$166 million in 2014 (2013: HK$126 million) and was predominantly due to the full year impact of additional interest expense incurred in relation to the acquisitions made in 2013. Administration expense came to HK$315 million in 2014 (2013: HK$281 million) and was mostly as a result of increased headcount as the Group embarked on more development projects, as well as general increase of salaries. The write off of fixture and fitting amounting to HK$24 million in 2014 was due to the renovation of The Langham Sydney in the fourth quarter of 2014. The provision for a net exchange loss of HK$69 million in 2014 (2013: nil) was due to our Group's internal prudent approach to account for the depreciated value of Renminbi that the Group held. The one-off write-off and the provision on the exchange loss are included under "Other expense" in core profit.

The loss incurred by a joint venture, which holds the Dalian mixed-use development project, was HK$36.4 million in 2014 and was similar to that incurred in 2013 (2013: Loss of HK$36.7 million). The losses were marketing and administrative expenses incurred for the presale of the residential apartments that could not be capitalized. All-in-all, core profit before tax rose by 10.7% year-on-year to HK$2,049 million in 2014 (2013: HK$1,850 million). Taxes were lowered in 2014, as losses incurred at The Langham Chicago lowered taxes for our US operations under Group's tax filing. Profit attributable to equity holders rose at a faster rate of 14.2% year-on-year to HK$1,919 million in 2014 (2013: HK$1,680 million).

BUSINESS REVIEW

HOTELS DIVISION

	Year ended 31 December		
	2014	**2013**	**Change**
	HK$ million	HK$ million	
Hotel Revenue			
Hong Kong ^	-	656.3	n.a.
Other Hotels*	3,193.3	2,698.7	18.3%
Others (including hotel management income)	168.1	125.7	33.7%
Total Hotel Revenue	3,361.4	3,480.7	- 3.4%
Hotel EBITDA			
Hong Kong ^	-	254.8	n.a.
Other Hotels*	380.7	313.2	21.6%
Others (including hotel management income)	134.0	104.9	27.7%
Total Hotel EBITDA	514.7	672.9	- 23.5%

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

* Hotel income contribution from Other Hotels. The restated table below provided the breakdown of Other Hotels by geographical regions.

Management discussion based on the this table, which excluded impact of the spun off hotels	Year ended 31 December 2014	2013	Change
	HK$ million	HK$ million	
Revenue			
Europe	553.6	553.0	0.1%
North America	1,822.8	1,314.6	38.7%
Australasia	803.0	831.1	-3.4%
China	13.9	-	n.a.
Others (including hotel management income)	168.1	125.7	33.7%
Total Hotel revenue excluding Hong Kong hotels	3,361.4	2,824.4	19.0%
EBITDA			
Europe	125.3	153.7	-18.5%
North America	131.5	21.9	500.5%
Australasia	123.1	137.7	-10.6%
China	0.8	-	n.a.
Others (including hotel management income)	134.0	104.9	27.7%
Total Hotel EBITDA excluding Hong Kong hotels	514.7	418.2	23.1%

Hotels Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (local currency)		RevPar (local currency)	
	2014	2013	2014	2013	2014	2013	2014	2013
The Langham, Hong Kong	465	495	88.9%	88.9%	2,295	2,266	2,040	2,013
Langham Place, Hong Kong	650	652	91.2%	90.7%	1,871	1,883	1,706	1,707
Eaton, Hong Kong	465	452	96.1%	95.1%	1,213	1,208	1,166	1,149
The Langham, London	366	380	81.1%	80.7%	266	278	216	224
The Langham, Boston	318	318	82.0%	75.1%	256	242	210	182
The Langham Huntington, Pasadena	380	380	77.0%	74.8%	251	228	194	170
The Langham, Chicago [1]	315	239	60.0%	46.8%	326	291	196	136
Langham Place, Fifth Avenue, New York [2]	214	214	74.5%	81.4%	538	627	400	511
Hotel in Washington D.C. [3]	265	-	50.4%	-	182	-	92	-
Eaton Chelsea, Toronto	1,590	1,590	71.4%	68.7%	130	124	93	85
The Langham, Melbourne	388	377	86.1%	85.7%	285	277	246	238
The Langham, Sydney	58	96	82.3%	82.9%	303	291	250	241
The Langham, Auckland	409	410	82.6%	76.3%	173	177	143	135
The Langham, Xintiandi, Shanghai [4]	356	356	69.3%	58.8%	1,669	1,696	1,156	997

[1] In 2013, operation covered period from 10 July to 31 December

[2] In 2013, operation covered period from 25 September to 31 December

[3] In 2014, operation covered period from 15 July to 15 December

[4] The hotel became wholly owned on 11 December 2014, but operating statistic covered operation from 1 January to 31 December 2014

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

In 2014, we completed the acquisition of a hotel in downtown Washington, D.C., USA on 11 July and the acquisition of the remaining two-third stake in The Langham, Xintiandi, Shanghai that the Group did not previously own on 11 December. Prior to the acquisition of the remaining stake in The Langham, Xintiandi, Shanghai, the return on our one-third stake in the hotel was reflected under the share of results of associates. From 11 December 2014 onward, revenue and EBITDA of the hotel were consolidated under performance of the Hotels Division.

As the Group already manages The Langham, Xintiandi, Shanghai, the standards of the hotel are already compliant with those required of the Langham brand, and there was no disruption made to the operation of the hotel after the acquisition. By contrast, the hotel in Washington, D.C. was previously managed by another hotel operator with lower standards on fit out and design. As such, an extensive renovation was required to bring the hotel to comply with the standards of our Eaton lifestyle brand. The hotel was closed from 15 December 2014 to make way for such renovation and therefore, income contribution from this hotel covered the period from 10 July 2014 to 15 December 2014.

Based on the restated table above, revenue of the Hotels Division, which is comprised of eleven wholly-owned hotels and other Hotels Division related business such as hotel management income, grew 19.0% year-on-year to HK$3,361.4 million in 2014 (2013: HK$2,824.4 million). Despite the additional revenue contributions from newly acquired hotels, the amount of which were relatively small. The increase in revenue of the Hotels Division was primarily driven by the full year revenue contribution from The Langham Chicago and Langham Place, Fifth Avenue. There was also an increase in income from the related business of the Hotels Division, as there was the full year contribution of management fee income from LHI, as compared with around seven months of contribution in 2013.

EBITDA of the Hotels Division grew at a faster rate of 23.1% year-on-year to HK$514.7 million in 2014 (2013: HK$418.2 million), which was primarily due to a substantially reduced loss incurred at The Langham Chicago after its operation was being ramped up, as well as a low base effect as a one-off pre-opening expense for The Langham Chicago was booked in 2013.

In terms of the performances of the hotels in North America, except for The Langham, Chicago, which was almost breakeven, but still suffering from a small loss in 2014, all other North American hotels were profitable and had delivered EBITDA growths that reflected improvements in the underlying economies in 2014. Although the increase in EBITDA at the Eaton Chelsea was due to a low base effect, where there was a one-off rebranding charge in 2013.

Of the hotels in Australasia, the decline in revenue was due to the lack of revenue contribution from The Langham Sydney, which was closed for a major renovation from August to December 2014. The temporary closure of the hotel also contributed a loss to the region's EBITDA in 2014, which was attributable to the decline in EBITDA of hotels in Australasia in 2014. During 2014, there was a 6.7% weighted depreciation of the Australian dollar against the Hong Kong dollar, hence, the growth in EBITDA achieved by The Langham Melbourne narrowed in Hong Kong dollar terms.

Our hotel in Europe, The Langham London witnessed a decline in revenue and EBITDA in terms of local currency, which was due to renovation of the suites that reduced the number of available rooms in 2014. With negative operating leverage, the decline in EBITDA was larger than the decline in revenue. However, with a 5.3% weighted appreciation of the British pound against the Hong Kong dollar during 2014, the decline had been translated into a 0.1% increase in revenue in Hong Kong dollar terms, while the rate of decline in EBITDA also narrowed in Hong Kong dollar terms.

HONG KONG HOTELS

After the spinoff of the Hong Kong Hotels, the financial returns on the Group's 58.2% equity stake in the three hotels in Hong Kong were reflected through our investment in LHI, under the section "Investment in LHI".

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 hotel posted a 7.3% year-on-year growth in guest arrivals from Mainland China in 2014, which helped offset reduced demand from other markets. Arrivals from this market held up in the fourth quarter of 2014 when the "Occupy Central" protests were in place. On the contrary, the weaker demand from other markets was not all due to the "Occupy Central" protests, as they had already been flat or declining throughout the first three quarters.

During 2014, the hotel achieved average occupancy of 88.9% on an average of 465 rooms (2013: 88.9% on an average of 495 rooms) and an average room rate of HK$2,295 (2013: HK$2,266).

Revenue from food and beverage was flat in 2014. After a slow start to the year with a 2.1% year-on-year decline in revenue from food and beverage in the first half of 2014, there had been a pickup of revenue in food and beverage from the third quarter due to improved banqueting businesses.

Langham Place, Hong Kong

The hotel enjoyed decent growth in demand for its rooms from guests of Mainland China and other Asian countries throughout the first three quarters of 2014. It was only until the fourth quarter that the hotel faced tremendous pressure on demand for its rooms, as it is situated within close proximity to the Mongkok protest site. Note the hotel will be rebranded to the Cordis brand from the second quarter of 2015.

For the year 2014, the hotel achieved average occupancy of 91.2% (2013: 90.7%) and an average room rate of HK$1,871 (2013: HK$1,883).

Revenue from food and beverage grew by 2.6% year-on-year, as the growth in revenue achieved through the first three quarters of 2014 was dragged down by decline in food and beverage revenue in the fourth quarter.

Eaton, Hong Kong

Amongst the three Hong Kong hotels, this hotel delivered the smallest year-on-year decline in RevPAR in the fourth quarter of 2014. However, the hotel also faced pressure on demand for its rooms during the "Occupy Central" protests in the fourth quarter. As such, the hotel lowered its room rates to accommodate more group travellers and maintain its high occupancy over the fourth quarter of 2014.

For the year 2014, the hotel achieved average occupancy of 96.1% on an average of 465 rooms (2013: 95.1% on an average of 452-rooms) and an average room rate of HK$1,213 (2013: HK$1,208).

As banqueting business was concentrated mostly in the second half of 2014, revenue from food and beverage at the hotel, rose 7.3% year-on-year in 2014, compared with a modest 2.6% year-on-year growth achieved in the first half of 2014.

OVERSEAS HOTELS

EUROPE

The Langham, London

There were less businesses deriving from the higher yielding travellers, given the renovation of the suites undergoing in 2014. The shortfall was mostly offset by increased arrivals from retail leisure travellers. However, the change in guest mix towards retail leisure had diluted average room rates achieved by the hotel, which dropped by 4% year-on-year in 2014.

Revenue from food and beverage rose 4% year-on-year during 2014, as business from the restaurants and catering operations improved, with more meetings and events activities held.

For the year 2014, the hotel achieved occupancy of 81.1% on an average of 366 available rooms (2013: 80.7% on an average of 380 available rooms) and an average room rate of £266 (2013: £278).

NORTH AMERICA

The Langham, Boston

Room revenue was supported by increased citywide conventions held from the third quarter of 2014, which allow the hotel to increase room rates from corporate and group travellers. The increase in RevPAR was supported by increases in occupancy and room rates.

Revenue from food and beverage rose 3% year-on-year in 2014. The increase was mainly driven by improvement in catering business, which was attributable to more corporate meeting and conference activities held.

For the year 2014, the hotel achieved average occupancy of 82% (2013: 75.1%) and an average room rate of US$256 (2013: US$242).

The Langham Huntington, Pasadena

Given stronger market sentiments, the hotel accommodated more higher-yield corporate groups and retail travellers in 2014. RevPAR rose 14% year-on-year and was driven mostly by room rates.

Revenue from food and beverage rose 10% year-on-year in 2014, which was supported by an increase in number of guests to the restaurants, as well as improved average spending per guest. Resumption of operation of The Royce restaurant whereas it was closed for renovation in the first quarter of 2013 also supported the growth in food and beverage.

For the year 2014, the hotel achieved average occupancy of 77% (2013: 74.8%) and an average rate of US$ 251 (2013: US$228).

The Langham, Chicago

While the ramp up phase of the hotel was met with extreme weather conditions in the first quarter of 2014, performance gradually gained momentum from the third quarter onwards and the hotel accommodated more retail and corporate business at higher room rates. As a result, the hotel made a profit in the second half of 2014 and the hotel almost breakeven for the full year in 2014. It should also be noted that the hotel continued to gain brand recognition and had won several high profile accolades during 2014.

For the year 2014, the hotel achieved average occupancy of 60% on an average of 315 available rooms and an average rate of US$326. The hotel was opened on 10 July 2013 and achieved average occupancy of 46.8% (on an average of 239 available rooms) and an average rate of US$291 in 2013.

Langham Place, Fifth Avenue, New York

RevPAR comparison with 2013 was not meaningful as the acquisition of the hotel was completed in September 2013. Nonetheless, after a steady flow of leisure business group during the first half of 2014, the hotel faced a slowdown in business volume during weekdays in the second half of year, which placed pressure on room rates achieved.

For the year 2014, the hotel achieved average occupancy of 74.5% and an average rate of US$538. The hotel was acquired on 25 September 2013 and achieved average occupancy of 81.4% and an average rate of US$627 in 2013.

Eaton Chelsea, Toronto

As the restoration works on the room’s balconies had impacted business of the hotel in the first half of the year, business improved in the second half following completion of the restoration works. The hotel benefited from more high-yield retail and corporate group businesses in the second half, which helped to lift room rates for the hotel.

Food and beverage revenue rose 4% year-on-year in 2014 as business improved in the restaurants and from catering.

The refurbishment of the 722-rooms in North Tower started in November 2014 with expected completion in the second quarter of 2015.

For the year 2014, the hotel achieved average occupancy of 71.4% (2013: 68.7%) and an average rate of C$130 (2013: C$124).

AUSTRALIA/NEW ZEALAND

The Langham, Melbourne

Performance at the hotel was supported by improved demand from the retail and group segments. After the last phase of the room renovation completed in the third quarter of 2013, the hotel was able to attract more higher yielding leisure travellers over the weekends, which led to an overall 3.3% year-on-year increase in average room rates achieved.

Revenue from food and beverage rose 6% year-on-year in 2014, which was attributable by improved catering business.

For the year 2014, the hotel achieved occupancy of 86.1% on an average of 388 rooms (2013: 85.7% on an average of 377 rooms) and an average rate of A$285 (2013: A$277).

The Langham, Sydney

The hotel benefitted from buoyant market conditions, and delivered an increase in average room rates and occupancy before it was closed for a major renovation from mid-July through to December of 2014. The renovation will further optimize the performance of the hotel. As a result of the temporary closure, there was a decline in revenue of the hotel and generated a loss in 2014. After the renovation, the hotel will offer a more luxurious product to the market, which will help to increase its market share.

For the year 2014, the hotel achieved occupancy of 82.3% on an average of 58 available rooms (2013: 82.9% on an average of 96 available rooms) and an average rate of A$303 (2013: A$291).

The Langham, Auckland

As the demand for rooms from the corporate and group segment remained weak throughout 2014, the hotel strategically targeted demand in the retail leisure segment, which helped the hotel to grow its occupancy by 6.3 percentage points compared with the same period a year ago. The focus of shifting to more retail travellers had diluted average room rate achieved.

Revenue from food and beverage rose 11% year-on-year in 2014, as a result of improved business at the Eight restaurant and better catering business, particularly from meetings and conferences activities.

For the year 2014, the hotel achieved average occupancy of 82.6% (2013: 76.3%) and an average rate of NZ$173 (2013: NZ$177).

CHINA

The Langham, Xintiandi, Shanghai (became a wholly owned hotel from 11 December 2014)

Despite tough market conditions, the hotel managed to grow its occupancy by 10.5 percentage points compared with the same period a year ago. The increase in travellers was mostly from both the corporate and retail segments. However, as overall market remained competitive, average room rates achieved by the hotel dropped by 1.6% year-on-year in 2014.

Revenue from food and beverage rose 5% year-on-year during 2014, which was supported by catering business that was streamed from corporate meetings and conferences.

For the year 2014, the hotel achieved occupancy of 69.3% (2013: 58.8%) and an average rate of ¥1,669 (2013: ¥1,696).

HOTEL MANAGEMENT BUSINESS

In 2014, two long-term hotel management contracts were added to the growing portfolio of hotels under management, two Langham Place hotels, one in Ningbo and the other in Xiamen, both in China, joined as those of third-party hotels managed by our hotel management subsidiary. These openings brought the number of hotels in our management portfolio to eight with approximately 2,200 rooms as at the end of 2014. It should be noted that as compared with the number of managed hotels disclosed in the interim report of 2014, The Langham, Xintiandi, Shanghai has been excluded in calculating the number of hotels in our management portfolio, as the hotel became wholly owned by the Group since 11 December 2014, and was no longer classified as a managed hotel.

ASSET ACQUISITIONS

In July 2014, the Group completed the acquisition of a 265-key hotel in Washington, D.C., USA for US$72 million. The hotel is located in the heart of downtown Washington and is close to the White House. The hotel was closed from mid-December 2014 to undergo renovation works and it will be rebranded under our Eaton lifestyle brand that focuses on younger and more socially oriented travellers.

In August 2014 the Group entered into agreements to acquire interests in two hotels in Shanghai. Of the two Shanghai hotels, the Group had closed on the acquisition of the remaining two-third interest in The Langham, Xintiandi, Shanghai that the Group does not previously own in December 2014, while the acquisition of the full interest in the HUB hotel, which is connected to Hongqiao's infrastructure hub, will be closed in March 2015. Although the HUB hotel will not be handed to us in bare-shell condition until the second quarter of 2015 at the earliest, the Group had already started planning on the fit out design of the hotel.

These acquisitions will further increase the awareness of our hotel brand and augmenting our brand as one of the leading international hotel brands.

DEVELOPMENT PROJECTS

Pak Shek Kok Residential Development Project

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

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 with 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 to complete in two phases by 2016 and beyond. As of the end of 2014, the Group had invested HK$579 million for its stake in the project.

Phase 1 of the apartments has been launched for pre-sale since September 2013. As at the end of 2014, more than 100 units have been sold at an average selling price of about RMB22,500 per sq. m. 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, which is targeted to be due in early 2016. The handover date was postponed by several months from our earlier projection, which was due to technical issues arising from the delay in access to certain utility connections.

INCOME FROM CHAMPION REIT

The Group's core profit is based on attributable distribution income from Champion REIT in respect of the same financial period. On that basis, total income from Champion REIT in 2014 dropped by 0.6% year-on-year to HK$1,027.4 million. Whilst distribution per unit declared by Champion REIT declined by 3% in 2014 as compared with 2013, our attributable dividend income from Champion REIT managed to stayed flat as compared with last year as a result of our increased holdings in Champion REIT. However, asset management income from Champion REIT dropped 1.9% year-on-year to HK$310.2 million in 2014, as a one-off acquisition fee was booked in 2013, which raised the base for comparison. Excluding the impact of the acquisition fee in 2013, management fee income from Champion REIT, which comprised of REIT management fee and other fee income would have increased by 5.2% year-on-year in 2014.

	Year ended 31 December		
	2014	**2013**	**Change**
	HK$ million	HK$ million	
Attributable Dividend income	717.2	716.9	0.0 %
Management fee income	310.2	316.3	- 1.9 %
Total income from Champion REIT	**1,027.4**	**1,033.2**	**- 0.6%**

The following text were extracted from the annual results announcement of Champion REIT for the year of 2014 relating to the performance of the REIT's properties.

Citibank Plaza

The year-end office occupancy at Citibank Plaza was 75.4% compared to 84.8% at the end of last year. Year-end asking rents were at HK$75-80 per sq. ft lettable. Passing rents (the average rental rate of existing tenancies weighted by floor area) at Citibank Plaza have come down from HK$84.60 per sq. ft. to HK$77.53 per sq. ft. over the past 12 months. The lower passing rent and lower occupancy resulted in a drop in rental income to HK$1,064 million. At the same time, net operating expenses increased by HK$16.9 million. The net property income of Citibank Plaza was HK$932 million, a 5.8% decrease year-on-year.

Langham Place Office Tower

Although there was some downtime for a few floors in the second half of the year, by 31 December 2014 the occupancy rate at the Office Tower was back to 100%. Asking rents (based on Gross Floor Area) for space at Langham Place Office Tower were maintained at HK$38-45 per sq. ft. There continued to be positive rental reversion and over 2014 the passing rent rate increased by a further HK$3.00, from HK$32.86 to HK$35.87. Rental income for the Langham Place Office Tower was HK$281 million, an 11.2% increase over 2013. Net operating expenses increased 33.9% to HK$28 million. Net Property Income grew 9.2% from HK$232 million to HK$253 million.

Langham Place Mall

Over the twelve months of 2014, tenancies representing 36% of the Mall's floor area were rolled over, driving a 14.7% increase in passing base rents (based on lettable floor area) from HK$144.26 per sq. ft. to HK$165.44 per sq. ft. Income from turnover rent was only marginally lower at HK$96.5 million (2013: $99 million).The positive base-rental reversion, together with steady turnover rent income, resulted in a 16.4% increase in rental income from HK$631 million to HK$735 million. Net operating expenses were up 13.7% to HK$120 million. Net Property Income increased by 17.0%, to HK$615 million.

Despite improved total net property income for Champion REIT in 2014, distribution of the REIT declined given higher financing costs and taxation. Interest expenses increased HK$37 million from a higher average interest rate after the HK$7.5 billion refinancing of bank loans in the middle of the year and because of incremental financing costs associated with the acquisition of additional floors at Citibank Plaza in 2013. There was also a HK$48 million increase in taxes payable in the absence of one-off tax deductions in the second half of 2014.

INVESTMENT IN LHI

As LHI is principally focused on distributions, the Group's core profit is derived from attributable distribution income, as we believe this will better reflect the financial return and economic interest attributable to our investment in LHI. As LHI was listed on 30 May 2013, distribution income in 2013 covered the period from 30 May 2013 to 31 December 2013. After taking into consideration of the distributions waived by the Group, distribution income from LHI came to HK$306.0 million in 2014.

In 2014, 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 and additional units acquired) 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		
	2014	**2013**	**Change**
	HK$ million	HK$ million	
Attributable Distribution income	306.0	189.0	61.9%

INVESTMENT PROPERTIES

	Year ended 31 December		
	2014	**2013**	**Change**
Gross rental income	HK$ million	HK$ million	
Great Eagle Centre	140.5	143.0	-1.7%
Eaton Serviced Apartments	49.2	45.1	9.1%
United States Office Properties	199.8	121.3	64.7%
Others	27.5	25.1	9.6%
	417.0	**334.5**	**24.7%**
Net rental income	HK$ million	HK$ million	
Great Eagle Centre	128.8	128.2	0.5%
Eaton Serviced Apartments	31.7	28.1	12.8%
United States Office Properties	100.5	51.6	94.8%
Others	1.8	1.7	5.9%
	262.8	**209.6**	**25.4%**

Great Eagle Centre

Although occupancy of office space in Great Eagle Centre appeared to have increased in 2014 as compared with that a year ago, the increase was primarily due to a reduction of available lettable area, where the Group took up more space to house its hotel management subsidiary since January 2014. Excluding owner-occupied space, office space leased to third parties, from which rental income is booked, actually dropped as of December 2014 as compared with that a year ago.

Despite less office space was leased to third parties, office rental income in the first half of 2014 was supported by growth in average passing rent. However, growth in average passing rent slowed in the second half of 2014, and even with new leases that started contributing from the latter part of 2014, office rental income still dropped year-on-year in the second half of 2014. The slower growth in average passing rent in the second half of 2014 was due to a lack of lease renewals, as asking rents for the office portion remained stable at between HK$60 per sq. ft. to HK$72 per sq. ft. on lettable floor area. For the retail portion, there was a modest year-on-year growth in retail rental income in 2014 given positive rental reversions.

As a result of lower office rental income, overall gross rental income for Great Eagle Centre dropped 1.7% year-on-year to HK$140.5 million in 2014, while net rental income increased 0.5% to HK$128.8 million. The small increase in net rental income achieved despite a drop in gross rental income was due to a higher cost base for comparison last year, where increased maintenance capital expenditure was incurred for the building in 2013.

Office space at Great Eagle Centre	**As of December 2014**	**As of December 2013**
	(sq. ft.)	(sq. ft.)
Total lettable area	173,308	173,308
Space occupied by the Group and its subsidiaries	38,097	25,509
Lettable area used for the calculation of operating statistics (a)	135,211	147,799
Occupancy (b)	98.9%	92.9%
Office space occupied by third parties (a) x (b)	133,680	137,283

	As at the end of		
	December 2014	**December 2013**	**Change**
Office (on lettable area)			
Occupancy	98.9%	92.9%	+6.0 ppt
Average passing rent	HK$63.8	HK$62.9	+1.4%
Retail (on lettable area)			
Occupancy	93.5%	99.4%	- 5.9 ppt
Average passing rent	HK$100.0	HK$95.9	+4.3%

Eaton Serviced Apartments

Growth in gross rental income for the Eaton Serviced Apartments in 2014 was driven by income growth at the Wanchai Gap Road property, as part of the rooms that had been converted to operate as guesthouse rooms yielded better. Meanwhile, performances of the two serviced apartments in Happy Valley were steady in 2014.

As compared with a 27% year-on-year growth achieved in gross rental income in the first half of 2014, there were less available rooms in the second half of 2014, as the remaining rooms at the Wanchai Gap Road property that operated as serviced apartment were also converted to operate as guesthouse rooms. Furthermore, the negative impact arising from the "Occupy Central" protests added pressure on rental income in the second half of 2014. As a result, gross rental income dropped 4.5% year-on-year in the second half of 2014. For the year as a whole, rental income grew 9.1% year-on-year to HK$49.2 million in 2014. With lower operating expenses incurred for the Wanchai Gap Road property, there was a 13.0% year-on-year growth in net rental income in 2014.

	Year ended 31 December	
	2014	**2013**
(on gross floor area)		
Occupancy	78.0%	73.6%
Average passing rent	HK$48.5	HK$46.0

United States Properties

Upon successful transfer of the 500 Ygnacio property to the U.S. Fund in August 2014, and the transfer of the 353 Sacramento Street property in November 2014, there were no rental income contributions from these two properties after they had been transferred to the U.S. Fund. Subsequent to those transfer, performances of the transferred properties will be captured under the section of the US Real Estate Fund.

Nonetheless, gross rental income still rose in 2014, which was attributable to the full year rental income contribution from the 123 Mission Street property, which was acquired in November 2013. San Francisco remains one of the strongest office markets in the U.S. and the asking rental rates in the area remained on an upward trend in 2014. Hence, spot rents at 353 Sacramento, 500 Ygnacio, and 123 Mission Street, all rose to levels above their average passing rents. However, spot rents at 2700 Ygnacio as at the end of 2014 were still below its average passing rent.

Occupancy of the portfolio, which comprised of the 123 Mission Street and 2700 Ygnacio properties, stood at 84.9% as at the end of 2014 as compared to 91.1% as at the end of 2013. The lower occupancy was due to lower occupancy at the 2700 Ygnacio property. Average passing rent for the portfolio was US$40.2 per sq. ft. on net rentable area as of December 2014, as compared with US$36.5 per sq. ft. a year ago and was driven by higher rents at the 123 Mission Street property. Overall, gross rental income rose 64.7% to HK$199.8 million in 2014 (2013: HK$121.3 million). With primarily lower tenant inducement costs incurred, net rental income rose 95.1% to HK$100.6 million in 2014 (2013: HK$51.6 million).

	As at the end of	
	December 2014	**December 2013**
(on net rentable area of 2700 Ygnacio and 123 Mission Street)		
Occupancy	84.9%	91.1%
Average passing rent	US$40.2	US$36.5

US Real Estate Fund

In April 2014, the Group announced that it had signed an agreement with a joint venture partner, China Orient Asset Management (International) Holding Limited ("COAMCI"), a wholly-owned subsidiary of China Orient Asset Management Corporation, to establish a fund targeting at investment in office properties in the United States. The investment mandate had been subsequently expanded to include residential development projects allowing increased investment flexibility of the U.S. Fund. Under the terms of the agreement, Great Eagle will inject three of its office properties in San Francisco, U.S. as its committed capital or equity investment, whereas COAMCI will commit to invest US$150 million of committed capital. The three properties to be injected into the U.S. Fund by Great Eagle are 500 Ygnacio, 353 Sacramento Street and 123 Mission Street.

More importantly, the Group acts as the asset manager of the U.S. Fund with an 80% stake in the asset management company, while COAMCI holds the remaining 20% stake. After the initial first closing, the U.S. Fund will raise capital from other independent investors, with a total commitment, including the capital committed by the Group and COAMCI of up to US$1 billion. The asset manager will receive asset management fee income based on both the size and performance of the U.S. Fund.

Given the Group has an equity stake in the U.S. Fund and acts as its asset manager, the financials of the U.S. Fund have been consolidated into the Group's financial statements under statutory accounting principles. Furthermore, asset manager fee earned by the Group has also been eliminated after intra-Group eliminations. However, one of the reasons that the Group had decided to set up the U.S. Fund was to expand on our management fee income. In order to reflect the growth in our management fee income, the Group will book its share of asset management fee income from the U.S. Fund under the Group's core profit.

As for the booking of return on our equity investment in the U.S. Fund, which is included in the Group's core profit, this will be based on the distribution received on our share of investment in the U.S. Fund, whereas our share of net asset in the U.S. Fund will be included in the Group's core balance sheet. Given the U.S. Fund is primarily focused on growth of its net asset and it also invests in development projects that does not generate recurring periodic income, we believe that the distribution, which is based on realised proceeds, fits most with our definition of core profit and appropriately reflects the return on our investment in the U.S. Fund.

The U.S. Fund initially closed in August 2014 with the transfer of the 500 Ygnacio property, while 353 Sacramento was transferred to the U.S. Fund in November 2014. As at the end of 2014, total net asset value of the fund stood at US$197.3 million, which comprised of net asset value of the two transferred properties amounted to US$96.3 million and US$101 million of cash contributed by COAMCI. As such, the Group's interest in the U.S. Fund stood at 48.9% as at the end of 2014. The transfer of the remaining 123 Mission Street will likely take place in mid 2015 after the loan, which bears a high prepayment penalty, has been refinanced. Other than the properties contributed by the Group, the Group, acting as the U.S. Fund's asset manager, had acquired a site in San Francisco for residential developments. This acquisition was funded by part of the cash contributed by COAMCI.

The acquisition of a site in the traditional luxury residential neighborhood of Nob Hill in San Francisco was completed in January 2015, and we are currently performing due diligence on another site that is located in a well soughtafter neighborhood in New York. Nonetheless, given assets under management of the U.S. Fund remained small in 2014, only HK$4.5 million in asset management fee for our 80% stake in the asset management company of the U.S. Fund was booked in 2014. This was included under "Other Operations" in profit from operations. There was no distribution income from the U.S. Fund in 2014.

OUTLOOK

Compared with a year ago, we are seeing growing divergence between the major economies. Recovery in the US economy continues to consolidate. Deflation risk is rising for the Euro zone. Japan is facing significant challenges and China is seeing slower economic growth. The major central banks are trying to address their respective issues and it is being reflected in diverging monetary policies.

On the whole, monetary policies remain to be supportive in all the major advanced economies, which should backup global economic growth in 2015. Nonetheless, as global recovery continues to be uneven, we must remain vigilant as the outlook seems to be uncertain. In particular, we should be prepared to deal with the prospects of rising U.S. interest rates, and be ready to respond to uncertainties in the global economy.

For the three Hong Kong hotels owned by LHI, they are still experiencing the lingering effects of the "Occupy Central" activities last year. However, with the effect dissipating, RevPAR in 2015 should recover since there will be less supply of new hotels in 2015.

In terms of the outlook for the overseas hotels, with the exception of the hotel in Washington D.C., which will be closed for renovation, our other hotels in the U.S. should benefit from further recovery of the U.S. economy. The Langham Chicago should achieve profit in 2015 after it almost broke even in 2014 having just been opened in 2013. As the UK is hosting the 2015 Rugby World Cup, our hotel in London should benefit, especially after renovation of the suites last year. The performance of the hotels in Australasia should be steady. The reopened Sydney hotel is expected to achieve profit after its temporary closure for renovation work last year. In China, there will be a full year EBTIDA contribution from The Langham, Xintiandi, Shanghai after we have acquired full interest in the hotel in December 2014.

Champion REIT's distribution is likely to be lower in 2015. While sustained income growth is expected at Langham Place, it will nonetheless be insufficient to compensate for the lower income at Citibank Plaza.

The prudent and targeted expansion strategy that we have deployed over the past years had laid a solid foundation for the Group's earnings in future and should drive the long term performance for the Group. In the meantime, with our strong balance sheet and cash flow generations, we will selectively explore value-added investments that will either be accretive to the Group's net asset value or expected to have a synergistic effect on our current businesses.

FINANCIAL REVIEW

DEBT

On statutory basis, after consolidating the results of Champion REIT, LHI and U.S. Fund, the consolidated net debts of the Group as of 31 December 2014 was HK$17,902 million, an increase of HK$2,029 million compared with that as of 31 December 2013. The increase in reported net borrowings at the balance sheet date was mainly due to payment of the premium for land acquisition at Pak Shek Kok, as offset by cash receipt from redemption of link notes, and consolidation of a bank loan of a previous associate which were reclassified to a subsidiary after acquisition of the remaining interest by the Group in December 2014.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 31 December 2014 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK$51,770 million, representing an increase of HK$1,814 million compared to the value of HK$49,956 million as of 31 December 2013. The increase was mainly attributable to the profit for the year, increase in share premium due to additional shares issued and other reserves offset by dividends paid during the year.

For statutory accounting purpose, on consolidation the Group is treated as to include entire debts of Champion REIT, LHI and U.S. Fund. 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 2014 was 34.6%. However, since only 61.7%, 58.2% and 48.9% of the net debts of Champion REIT, LHI and U.S. Fund respectively are attributable to the Group, and debts of these three 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 those subsidiaries instead of Reported Debts, and the resulting net cash position is illustrated below.

Net debt (cash) at 31 December 2014	**Consolidated**	**Sharing of Net Assets***
	HK$ million	**HK$ million**
Great Eagle	**(1,676)**	**(1,676)**
Champion REIT	**13,698**	**-**
LHI	**6,151**	**-**
U.S. Fund	**(271)**	**-**
Net debts (cash)	**17,902**	**(1,676)**
Equity Attributable to Shareholders of the Group	**51,770**	**59,339**
Gearing ratio as at 31 December 2014	**34.6%**	**n/a**

* Net debts/ (cash) based on the sharing of net assets of the 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 2014, the market value of these bonds and notes amounted to HK$425 million and invested securities amounted to HK$801 million. Should these amounts be taken into account, the consolidated net borrowings and gearing ratio would be reduced to HK$16,676 million and 32.2% respectively. The net cash based on sharing of net assets of Champion, LHI and U.S. Fund would be correspondingly increased to HK$2,902 million.

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

INDEBTEDNESS

Our gross debts (including medium term note) after consolidating Champion REIT, LHI and U.S. Fund amounted to HK$28,101 million as of 31 December 2014. Foreign currency gross debts as of 31 December 2014 amounted to the equivalent of HK$7,800 million, of which the equivalent of HK$4,084 million or 52% was on fixed-rate basis.

FINANCE COST

The net consolidated finance cost incurred during the year was HK$345 million. Overall interest cover at the reporting date was 9.5 times.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 31 December 2014, our cash, bank deposits and undrawn loan facilities amounted to a total of HK$13,948 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 gross debts as of 31 December 2014:

Within 1 year	11.5%
1-2 years	33.9%
3-5 years	42.1%
Over 5 years	12.5%

PLEDGE OF ASSETS

At 31 December 2014, properties of the Group with a total carrying value of approximately HK$58,459 million (31 December 2013: HK$57,509 million) and RMB equivalent bank deposit of HK$847 million were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2014, the Group has authorised capital expenditure for investment properties and property, plant and equipment which is not provided for in these consolidated financial statements amounting to HK$931 million (31 December 2013: HK$104 million) of which HK$181 million (31 December 2013: HK$77 million) was contracted for.

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

At 31 December 2014, the Group has outstanding commitments for the acquisition of a hotel development project located at Minhang District, Shanghai, the PRC of RMB868.5 million (equivalent to HK$1,086 million) and a for-sale condominium development project in the City of San Francisco, the USA of US$21 million (equivalent to HK$163 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 recommends the payment of a final dividend of HK47 cents per share (2013: HK43 cents per share and a special final dividend of HK50 cents per share) for the year ended 31 December 2014 to the Shareholders subject to the approval of the Shareholders at the forthcoming 2015 Annual General Meeting (the "2015 AGM").

Taken together with the interim dividend of HK27 cents per share paid on 17 October 2014, this will make a total dividend of HK74 cents per share for the full year in 2014 (2013 total dividend: HK$2.16 per share, comprising an interim dividend of HK23 cents and a special interim dividend of HK$1.00 and a final dividend of HK43 cents and a special final dividend of HK50 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 2015 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 2015. Dividend warrants and share certificates in respect of the proposed final dividend are expected to be despatched to the Shareholders on 16 June 2015.

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) Entitlement to attend and vote at the 2015 AGM

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the 2015 AGM, the Registers of Members will be closed from Friday, 24 April 2015 to Thursday, 30 April 2015, both days inclusive.

In order to be eligible to attend and vote at the 2015 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 (the “Branch Share Registrar”) of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 April 2015.

(ii) Entitlement to the proposed 2014 final dividend

For the purpose of ascertaining the Shareholders’ entitlement to the proposed 2014 final dividend, the Registers of Members will be closed from Friday, 8 May 2015 to Wednesday, 13 May 2015, both days inclusive.

In order to qualify for the proposed 2014 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, 7 May 2015.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2015 AGM of the Company will be held on Thursday, 30 April 2015. The notice of 2015 AGM together with the 2014 Annual Report and all other relevant documents (the “Documents”) will be despatched to the Shareholders before the end of March 2015. 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 CSR vision “Create Value, Improve Quality of Life” is based on our belief that CSR will create long-term value for our customers, partners, investors, employees and community, and improve the quality of life in our workplace as well as the local community and the world at large. Our continuous efforts in CSR are reflected in being selected as a constituent member of Hang Seng corporate Sustainability Benchmark Index since its inception in 2011. Remarkably, Hong Kong Quality Assurance Agency, an ESG performance rating company, has granted us an “AA” rating which is among the top performers of listed companies in Hong Kong in 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year, the Company has complied with most of the code provisions and where appropriate, adopted some of the recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report (“CG Code”). Set out below are the details of the deviations from the code provisions:

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

Dr. Lo Ka Shui is the Chairman of the Board and is holding the office of Managing Director of the Company. While this is a deviation from CG Code Provision A.2.1, dual role leadership has been in practice by the Company for decades and has withstood the test of time. The Board considers this arrangement to be appropriate for the Company as it can preserve the consistent leadership culture of the Company and allow efficient discharge of the executive functions of the chief executive. The Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high caliber individuals including four Independent Non-executive Directors and three Non-executive Directors. Meanwhile, the day-to-day management and operation of the Group are delegated to divisional management under the leadership and supervision of Dr. Lo in the role of Managing Director who is supported by Mr. Lo Kai Shui, as the Deputy Managing Director, and Mr. Kan Tak Kwong, as the General Manager.

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

While the Bye-laws of the Company (the “Bye-laws”) requires that one-third of the Directors (other than the Executive Chairman and Managing Director) should retire by rotation, the Non-executive Directors (including the Independent Non-executive Directors) have no fixed term of office. The Board considers that the provisions in the Bye-laws 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 25 March 2015.

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

Remuneration details of senior management are highly sensitive and confidential. Over-disclosure of such information may induce inflationary spiral and undesirable competition which in turn is detrimental to the interests of Shareholders. The Board considers that our current approach in disclosing the emoluments of Directors on named basis and that of the five highest paid individuals of the Group in the forms of aggregate amount and by bands in our annual reports is appropriate to maintain the equilibrium between transparency and privacy.

It is a mandatory disclosure requirement that the Company must disclose how each of its directors, by name, complied with CG Code Provision A.6.5 in relation to participation in continuous professional development

Madam Lo To Lee Kwan, a Non-executive Director of the Company, is the co-founder of the Group. She is actively involved in the early stage of development of the Group and has valuable contribution to the growth and success of the Group over the years. Since she is relatively inactive in the Group's business in recent years, she has not participated in the 2014 Director Development Program provided by the Company.

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 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 December 2014, 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 2014, the total number of issued shares of the Company was 655,806,951. A total of 16,530,987 new shares were issued during the year.

- On 18 June 2014, 15,706,487 new shares were issued at the price of HK$26.44 per share pursuant to the Scrip Dividend Arrangement (the "Arrangement") in respect of the 2013 final dividend and special final dividend. Details of the Arrangement were set out in the announcement published by the Company on 14 May 2014 and the circular to the Shareholders dated 19 May 2014 respectively.

- During the year ended 31 December 2014, 824,500 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 the Company for the year ended 31 December 2014 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 as of 31 December 2014, and the consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year then ended 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 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) being the Executive Directors; Madam LO TO Lee Kwan, Mr. LO Hong Sui, Vincent and Dr. LO Ying Sui being the Non-executive Directors; and Mr. CHENG Hoi Chuen, Vincent, Professor WONG Yue Chim, Richard, Mrs. LEE Pui Ling, Angelina and Mr. ZHU Qi being the Independent Non-executive Directors.

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

Hong Kong, 5 March 2015

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	**2014** **HK$'000**	2013 HK$'000
Revenue	4	**8,127,367**	7,301,014
Cost of goods and services		**(4,639,010)**	(4,050,484)
Operating profit before depreciation		**3,488,357**	3,250,530
Depreciation		**(487,763)**	(403,739)
Operating profit		**3,000,594**	2,846,791
Other income	6	**539,581**	245,547
Fair value changes on investment properties		**1,204,935**	1,119,261
Reversal of impairment loss in respect of a hotel property		**-**	149,170
Fair value change of derivative components of convertible bonds		**-**	308,236
Fair value changes on derivative financial instruments		**(297)**	812
Fair value changes on financial assets designated at fair value through profit or loss		**2,332**	37,170
Gain on conversion of convertible bonds		**-**	29,302
Administrative and other expenses		**(571,484)**	(340,948)
Finance costs	7	**(623,404)**	(545,171)
Share of results of associates		**(9,739)**	(9,514)
Share of results of a joint venture		**(36,374)**	(36,681)
Profit before tax		**3,506,144**	3,803,975
Income taxes	8	**(496,305)**	(426,312)
Profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	9	**3,009,839**	3,377,663
Profit for the year attributable to:			
Owners of the Company		**2,115,101**	2,399,472
Non-controlling interests		**153,920**	71,893
		2,269,021	2,471,365
Non-controlling unitholders of Champion REIT		**740,818**	906,298
		3,009,839	3,377,663
Earnings per share:			
Basic	11	**HK$3.23**	HK$3.76

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	HK$'000	HK$'000
Profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	**3,009,839**	3,377,663
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investments	**81,892**	72,930
Reclassification adjustment upon disposal of available-for-sale investments	**(133,794)**	(20,587)
Exchange differences arising on translation of foreign operations	**(211,197)**	(109,781)
Share of other comprehensive income (expense) of associates	**7,598**	(6,826)
Share of other comprehensive (expense) income of a joint venture	**(14,778)**	18,671
Cash flow hedges:		
Fair value adjustment on cross currency swaps designated as cash flow hedge	**48,888**	(41,833)
Reclassification of fair value adjustments to profit or loss	**(4,214)**	(3,081)
Other comprehensive expense for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**(225,605)**	(90,507)
Total comprehensive income for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**2,784,234**	3,287,156
Total comprehensive income for the year attributable to:		
Owners of the Company	**1,871,772**	2,326,773
Non-controlling interests	**153,928**	71,893
	2,025,700	2,398,666
Non-controlling unitholders of Champion REIT	**758,534**	888,490
	2,784,234	3,287,156

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**15,819,104**	13,390,302
Investment properties		**69,867,294**	68,586,519
Deposit for acquisition of property, plant and equipment		**121,185**	-
Interests in associates		**90,366**	391,939
Investment in a joint venture		**579,548**	630,700
Available-for-sale investments		**1,607,288**	1,159,141
Derivative financial instruments		**3,974**	43
Notes receivable		**50,470**	186,304
Restricted cash		**-**	13,048
		88,139,229	84,357,996
Current assets			
Property under development		**2,415,529**	-
Inventories		**155,365**	106,490
Debtors, deposits and prepayments	12	**645,659**	604,243
Financial assets designated at fair value through profit or loss		**249,512**	1,851,224
Derivative financial instruments		**-**	771
Notes receivable		**124,635**	8,875
Tax recoverable		**17,298**	63,634
Short term loan receivable		**-**	67,072
Restricted cash		**1,097,908**	-
Bank balances and cash		**9,100,225**	10,711,723
		13,806,131	13,414,032
Current liabilities			
Creditors, deposits and accruals	13	**3,112,992**	2,933,907
Derivative financial instruments		**343**	-
Provision for taxation		**139,376**	116,386
Distribution payable		**219,981**	250,202
Borrowings due within one year		**3,230,655**	7,042,379
		6,703,347	10,342,874
Net current assets		**7,102,784**	3,071,158
Total assets less current liabilities		**95,242,013**	87,429,154
Non-current liabilities			
Derivative financial instruments		**152**	41,833
Borrowings due after one year		**21,611,553**	16,281,686
Medium term note		**3,070,002**	3,065,494
Deferred taxation		**1,182,743**	953,067
		25,864,450	20,342,080
NET ASSET		**69,377,563**	67,087,074

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	2014 **HK$'000**	2013 HK$'000
Equity attributable to:		
Owners of the Company		
Share capital	**327,904**	319,638
Share premium and reserves	**51,441,774**	49,636,387
	51,769,678	49,956,025
Non-controlling interests	**(138,627)**	(855,761)
	51,631,051	49,100,264
Net assets attributable to non-controlling unitholders of Champion REIT	**17,746,512**	17,986,810
	69,377,563	67,087,074

1. GENERAL

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

The principal activity of the Company is investment holding.

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

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

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

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

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
HK(IFRIC) - Int 21	Levies

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

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

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

Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying Consolidation Exception[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
HKFRS 9	Financial Instruments[6]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[5]

[1] Effective for annual periods beginning on or after 1 July 2014.
[2] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
[3] Effective for first time annual HKFRS financial statements beginning on or after 1 January 2016.
[4] Effective for annual periods beginning on or after 1 January 2016.
[5] Effective for annual periods beginning on or after 1 January 2017.
[6] Effective for annual periods beginning on or after 1 January 2018.

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 2013.

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.

	2014	2013
	HK$'000	HK$'000
Property rental income	**2,475,899**	2,272,258
Building management service income	**233,174**	212,896
Hotel income	**4,944,644**	4,434,379
Sales of goods	**228,838**	194,662
Dividend income	**34,842**	13,780
Others	**209,970**	173,039
	8,127,367	7,301,014

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 Pacific Eagle (US) Real Estate Fund, L.P. and its subsidiaries (collectively referred to as "US Real Estate Fund") and each listed group, including Great Eagle Holdings Limited, Champion Real Estate Investment Trust ("Champion REIT") and Langham Hospitality Investments and Langham Hospitality Investments Limited ("Langham"). The Group's operating and reportable segments under HKFRS 8 "Operating Segments" 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.
US Real Estate Fund	-	based on rental income and related expenses of the properties owned by the US Real Estate Fund.
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 expenses and services fees. Segment results of US Real Estate Fund represent revenue less fund related expenses. Segment results of other operating segments represent the results of each segment without including any effect of allocation of interest income from bank balances and cash centrally managed, central administration costs, Directors' salaries, share of results of associates, share of results of a joint venture, depreciation, fair value changes on investment properties, derivative financial instruments and financial assets designated at fair value through profit or loss, 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

2014

	Property investment	Hotel operation	Other operations	Sub-total	Champion REIT	Langham	US Real Estate Fund	Eliminations	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE									
External revenue	416,960	4,944,644	473,650	5,835,254	2,264,321	5,204	22,588	-	8,127,367
Inter-segment revenue	-	75,696	319,019	394,715	23,918	746,534	-	(1,165,167)	-
Total	416,960	5,020,340	792,669	6,229,969	2,288,239	751,738	22,588	(1,165,167)	8,127,367

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

	Property investment	Hotel operation	Other operations	Sub-total	Champion REIT	Langham	US Real Estate Fund	Eliminations	Consolidated
RESULTS									
Segment results	262,837	514,670	505,924	1,283,431	1,584,328	624,084	4,711	(8,197)	3,488,357
Depreciation				(331,564)	-	(156,199)	-	-	(487,763)
Operating profit after depreciation				951,867	1,584,328	467,885	4,711	(8,197)	3,000,594
Fair value changes on investment properties				223,903	889,935	-	91,097	-	1,204,935
Fair value changes on derivative financial instruments				(297)	-	-	-	-	(297)
Fair value changes on financial assets designated at FVTPL				2,332	-	-	-	-	2,332
Other income				261,199	-	-	-	-	261,199
Administrative and other expenses				(523,318)	(16,982)	(25,100)	(9,926)	3,842	(571,484)
Net finance costs				84,552	(313,831)	(111,508)	(4,235)	-	(345,022)
Share of results of associates				(9,739)	-	-	-	-	(9,739)
Share of results of a joint venture				(36,374)	-	-	-	-	(36,374)
Profit before tax				954,125	2,143,450	331,277	81,647	(4,355)	3,506,144
Income taxes				(211,929)	(214,887)	(69,489)	-	-	(496,305)
Profit for the year				742,196	1,928,563	261,788	81,647	(4,355)	3,009,839
Less: Profit attributable to non-controlling interests/non-controlling unitholders of Champion REIT				(2,484)	(740,818)	(109,700)	(41,736)	-	(894,738)
Profit attributable to owners of the Company				739,712	1,187,745	152,088	39,911	(4,355)	2,115,101

5. SEGMENT INFORMATION - continued

Segment revenue and results - continued

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

6. OTHER INCOME

	2014 **HK$'000**	2013 HK$'000
Interest income on:		
Bank deposits	**242,946**	136,148
Financial assets designated at fair value through profit or loss	**25,528**	8,996
Listed debt securities	**3,485**	2,252
Notes receivable	**6,422**	3,639
	278,381	151,035
Net exchange gain	**-**	71,210
Gain on disposal of available-for-sale investments	**133,794**	20,587
Gain on deemed disposal of an associate	**66,238**	-
Income arising from historical tax credit	**58,163**	-
Sundry income	**3,005**	2,715
	539,581	245,547

7. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest on bank borrowings not wholly repayable within five years	**4,106**	-
Interest on bank borrowings wholly repayable within five years	**334,091**	260,121
Interest on other loans wholly repayable within five years	**80,459**	42,356
Interest on convertible bonds wholly repayable within five years	**-**	69,969
Interest on medium term note not wholly repayable within five years	**116,427**	107,648
Other borrowing costs	**88,321**	65,077
	623,404	545,171

8. INCOME TAXES

	2014 HK$'000	2013 HK$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	**267,231**	202,819
Other jurisdictions	**59,326**	34,536
	326,557	237,355
Underprovision in prior years:		
Hong Kong Profits Tax	**2,294**	10,404
Other jurisdictions	**6,369**	4,541
	8,663	14,945
	335,220	252,300
Deferred tax:		
Current year	**172,715**	219,212
Overprovision in prior years	**(3,553)**	(40,857)
Attributable to change in tax rate	**(8,077)**	(4,343)
	161,085	174,012
	496,305	426,312

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

	2014	2013
	HK$'000	HK$'000
Profit for the year has been arrived at after charging:		
Staff costs (including Directors' emoluments)	**2,138,474**	1,879,565
Share based payments (including Directors' emoluments)	**18,701**	15,042
	2,157,175	1,894,607
Depreciation	**487,763**	403,739
Auditor's remuneration	**13,123**	10,550
Trustee's remuneration	**10,891**	10,534
Allowance for doubtful debts	**330**	991
Cost of inventories recognised as an expense	**686,536**	613,293
Fitting-out works of hotel building written off (included in other expenses)	**-**	105
Net exchange loss (included in other expenses)	**156,951**	-
Impairment loss on an unlisted available-for-sale investment	**-**	7,794
Listing expenses in relation to the spin-off of Langham (note)	**-**	40,960
Loss on disposal of property, plant and equipment (included in other expenses)	**25,303**	410
Operating lease payments on rented premises	**10,083**	15,512
Share of tax of associates (included in the share of results of associates)	**2,935**	3,902
and after crediting:		
Dividend income from listed available-for-sale investments	**34,842**	13,780
Rental income from investment properties less related outgoings of HK$403,501,000 (2013: HK$314,863,000)	**2,072,398**	1,957,395

Note: The amount during the year ended 31 December 2013 represented the portion of listing expenses recognised in the profit or loss of which HK$34,748,000 was borne by Langham.

10. DIVIDENDS

	2014	2013
	HK$'000	HK$'000
Dividends paid:		
- Final dividend of HK43 cents in respect of the financial year ended 31 December 2013 (2013: HK43 cents in respect of the financial year ended 31 December 2012) per ordinary share	**275,199**	272,684
- Special final dividend of HK50 cents in respect of the financial year ended 31 December 2013 (2013: nil) per ordinary share	**320,000**	-
	595,199	272,684
- Interim dividend of HK27 cents in respect of the financial year ended 31 December 2014 (2013: HK23 cents in respect of the financial year ended 31 December 2013) per ordinary share	**177,064**	147,033
- Special interim dividend of HK$1 in respect of the financial year ended 31 December 2013 per ordinary share	**-**	639,276
	772,263	1,058,993

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

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.

The scrip dividend alternatives were accepted by the shareholders as follows:

	2014	2013
	HK$'000	HK$'000
Dividends:		
Cash	**179,919**	113,129
Share alternative	**415,280**	159,555
	595,199	272,684

10. DIVIDEND - continued

	2014	2013
	HK$'000	HK$'000
Dividends proposed:		
- Proposed final dividend of HK47 cents in respect of the financial year ended 31 December 2014 (2013: HK43 cents in respect of the financial year ended 31 December 2013) per ordinary share	**308,229**	274,889
- Proposed special final dividend of HK50 cents in respect of the financial year ended 31 December 2013 per ordinary share	**-**	319,638
	308,229	594,527

The proposed final dividends in respect of the financial year ended 31 December 2014 is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

	2014	2013
	HK$	HK$
Earnings per share:		
Basic	**3.23**	3.76
Diluted	**3.22**	3.32

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

	2014	2013
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**2,115,101**	2,399,472
Adjustment to earnings on assumed conversion of convertible bonds in Champion REIT (note)	**-**	(272,939)
Earnings for the purpose of diluted earnings per share	**2,115,101**	2,126,533

11. EARNINGS PER SHARE - continued

Number of shares	**2014**	2013
Weighted average number of shares for the purpose of basic earnings per share	**655,609,198**	638,390,959
Effect of dilutive potential shares:		
Share options	**565,356**	1,274,695
Weighted average number of shares for the purpose of diluted earnings per share	**656,174,554**	639,665,654

Note:

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

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2014 **HK$'000**	2013 HK$'000
Trade debtors, net of allowance for doubtful debts	**316,825**	301,250
Deferred rent receivables	**121,326**	101,931
Other receivables	**40,873**	74,029
Deposits and prepayments	**166,635**	127,033
	645,659	604,243

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

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

12. DEBTORS, DEPOSITS AND PREPAYMENTS - continued

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

	2014	2013
	HK$'000	HK$'000
0 - 3 months	**210,340**	226,481
3 - 6 months	**15,482**	14,740
Over 6 months	**91,003**	60,029
	316,825	301,250

13. CREDITORS, DEPOSITS AND ACCRUALS

	2014	2013
	HK$'000	HK$'000
Trade creditors	**219,163**	191,674
Deposits received	**803,544**	708,124
Construction fee payable and retention money payable	**41,606**	11,844
Accruals, interest payable and other payables	**2,048,679**	2,022,265
	3,112,992	2,933,907

Included in accruals and other payables is accrual of stamp duty of HK$963,475,000 (2013: HK$963,475,000) which is based on the current applicable stamp duty rate of 4.25% (2013: 4.25%) and the stated consideration of HK$22,670,000,000 in the property sale and purchase agreements for the legal assignment of the investment properties which Champion REIT acquired the property interests in Citibank Plaza upon listing and an accrual for stamp duty of HK$91,600,000 in regards to the acquisition of certain properties in Citibank Plaza during the year ended 31 December 2013.

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

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

	2014	2013
	HK$'000	HK$'000
0 - 3 months	**165,268**	179,568
3 - 6 months	**24,682**	1,295
Over 6 months	**29,213**	10,811
	219,163	191,674