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)

2015 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 2015 as follows:

	Year ended 31 December		
	2015	**2014**	**Change**
	HK$ million	***HK$ million***	
Key Financials on Income Statement			
Based on core business[1]			
Revenue based on core business	5,622.6	5,594.5	0.5%
Core profit after tax attributable to equity holders	1,780.1	1,919.2	-7.2%
Core profit after tax attributable to equity holders (per share)	HK$2.68	HK$2.93	
Based on statutory accounting principles[2]			
Revenue based on statutory accounting principles	8,270.9	8,127.4	1.8%
Statutory Profit attributable to equity holders	3,312.3	2,115.1	56.6%
Interim Dividend (per share)	HK$0.27	HK$0.27	
Final Dividend (per share)	HK$0.47	HK$0.47	
Special Final Dividend (per share)	HK$2.00	-	
Total Dividend (per share)	HK$2.74	HK$0.74	

[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 realised gains and losses 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 2015	**June 2015**
Key Financials on Balance Sheet		
Based on share of Net Assets of Champion REIT, LHI and the U.S. Fund (core balance sheet)[1]		
Net gearing	Net Cash	Net Cash
Book value (per share)	HK$94.5	HK$91.1
Based on statutory accounting principles[2]		
Net gearing	37.7 %	35.6%
Book value (per share)	HK$81.7	HK$79.7

[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 the 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 62.7%, 60.7% and 49.6% equity stake of Champion REIT, LHI and the U.S. Fund respectively as at the end of December 2015.

Core Profit - Financial Figures based on core business

	Year ended 31 December		
	2015	2014	Change
	HK$ million	*HK$ million*	
Revenue from core business			
Gross Rental Income	236.4	417.0	-43.3%
Hotels Division	3,627.6	3,361.4	7.9%
Management Fee Income from Champion REIT	292.9	310.2	-5.6 %
Distribution Income from Champion REIT^	714.7	717.2	-0.3%
Distribution Income from LHI^	275.7	306.0	-9.9%
Other operations	475.3	482.6	-1.5%
	5,622.6	**5,594.4**	**0.5%**
Net Rental Income	174.5	262.8	-33.6%
Hotel EBITDA	593.4	514.7	15.3%
Management Fee Inc. from Champion REIT	292.9	310.2	-5.6%
Distribution Income from Champion REIT^	714.7	717.2	-0.3%
Distribution Income from LHI^	275.7	306.0	-9.9%
Operating income from other operations	216.8	195.7	10.8%
Operating Income from core business	**2,268.0**	**2,306.6**	**-1.7%**
Depreciation	(165.0)	(143.4)	15.1%
Administrative expenses	(337.2)	(314.5)	7.2%
Other expense	(71.3)	(93.2)	-23.5%
Other income	263.6	195.0	35.2 %
Interest income	149.4	291.3	-48.7%
Finance costs	(174.8)	(166.3)	5.1%
Share of results of associates	(3.4)	9.5	n.m.
Share of results of a Joint Venture	(19.9)	(36.4)	-45.3%
Core profit before tax	**1,909.4**	**2,048.6**	**-6.8%**
Taxes	(123.7)	(126.9)	- 2.5 %
Core profit after tax	**1,785.7**	**1,921.7**	**-7.1%**
Non-controlling interest	(5.6)	(2.5)	124.0%
Core profit attributable to equity holders	**1,780.1**	**1,919.2**	**-7.2%**

^ 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 the U. S. Fund)

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

31 December 2015

	Assets	**Liabilities**	**Net Assets**
	HK$ million	**HK$ million**	**HK$ million**
Great Eagle operations (note 1)	**29,204**	**5,863**	**23,341**
Champion REIT (note 2)	**41,373**	**10,600**	**30,773**
LHI (note 2)	**11,413**	**4,323**	**7,090**
U.S. Fund (note 3)	**2,787**	**1,173**	**1,614**
	84,777	**21,959**	**62,818**

31 December 2014

	Assets	Liabilities	Net Assets
	HK$ million	HK$ million	HK$ million
Great Eagle operations (note 1)	31,742	8,293	23,449
Champion REIT (note 2)	39,239	10,357	28,882
LHI (note 2)	10,308	4,088	6,220
U.S. Fund (note 3)	1,043	255	788
	82,332	22,993	59,339

Note 1: Included in the assets and liabilities are cash of HK$5,106,205,000 (31 December 2014: HK$ 7,765,491,000) and principal debts of HK$3,585,004,000 (31 December 2014: HK$6,089,419,000), representing net cash of HK$1,521,201,000 as at 31 December 2015 (31 December 2014: net cash of HK$ 1,676,072,000).

Note 2: Assets and liabilities of Champion REIT and LHI are based on published financial results of Champion REIT and LHI, excluding distribution payable attributable from Champion REIT of HK$373 million (31 December 2014: HK$354 million), at the respective interests held by Great Eagle Holdings Limited, being 62.7% and 60.7% (31 December 2014: 61.7% interests in Champion REIT and 58.2% interests in LHI held) respectively. Additionally, the assets of LHI include the hotel properties' appraised value of HK$18,381 million as of 31 December 2015 (31 December 2014: HK$17,000 million).

Note 3: Assets and liabilities of the U.S. Fund are based on financial information of the Fund at the 49.6% interest held by Great Eagle Holdings Limited.

Financial Figures based on Statutory Accounting Principles

	Year ended 31 December		
	2015	2014 (Restated)	Change
	HK$ million	*HK$ million*	
Revenue based on statutory accounting principles			
Gross Rental Income	236.4	417.0	-43.3%
Hotels Division	5,159.1	5,020.3	2.8%
Other operations (including management fee from Champion REIT)	768.2	792.8	-3.1%
Gross Rental income - Champion REIT	2,289.3	2,288.2	0.0%
Gross Rental income - LHI	682.2	751.7	-9.2%
Gross Rental income - U.S. Fund	246.5	22.6	n.m.
Elimination on Intra - Group transactions	(1,110.8)	(1,165.2)	-4.7%
Consolidated total revenue	**8,270.9**	**8,127.4**	**1.8%**
Net Rental Income	174.5	262.8	33.6%
Hotel EBITDA	593.4	514.7	15.3%
Operating income from other operations	509.7	505.9	0.8%
Net Rental income - Champion REIT	1,569.5	1,584.3	-0.9%
Net Rental income - LHI	563.4	624.1	-9.7%
Net Rental income - U.S Fund	71.7	4.7	n.m.
Elimination on Intra- Group transaction	(21.0)	(8.1)	n.m.
Consolidated Operating Income	**3,461.2**	**3,488.4**	**-0.8%**
Depreciation	(606.5)	(487.8)	24.3%
Fair value changes on Investment Properties	3,011.9	1,204.9	150.0%
Fair value changes on Derivative Financial Instruments	1.8	(0.3)	n.m.
Fair value changes of financial assets at fair value through profit or loss	(45.0)	2.3	n.m.
Impairment loss on available-for-sale investments	(45.8)	-	n.a.
Reversal of impairment loss in respect of a hotel property	284.4	-	n.a.
Administration expenses	(373.1)	(350.6)	6.4 %
Other expenses	(139.8)	(220.9)	-36.7%
Other income	266.3	261.2	-2.0%
Interest income	167.7	278.4	-39.8%
Finance costs	(686.5)	(623.4)	10.1%
Share of results of associates	(3.4)	(9.7)	-64.9%
Share of results of a Joint Venture	(19.9)	(36.4)	-45.3%
Statutory profit before tax	**5,273.3**	**3,506.1**	**50.4%**
Taxes	(539.2)	(496.3)	8.6%
Statutory profit after tax	**4,734.1**	**3,009.8**	**57.3%**
Non-controlling interest	(1,421.8)	(894.7)	58.9%
Statutory profit attributable to equity holders	**3,312.3**	**2,115.1**	**56.6%**

OVERVIEW

During 2015, the Group made progresses with its cautious strategy in selectively expanding its asset base. The Group had acquired two development projects in the prime areas of San Francisco, U.S. and had entered into an agreement to acquire a hotel redevelopment site in downtown Tokyo, Japan. When these projects complete in the coming years, they will drive the growth of the Group's earnings, as well as enabling our hotel brands to build market share in the world's most sought-after cities.

Furthermore, as the asset manager of the U.S. Real Estate Fund (U.S. Fund), we had acquired an office building of 336,355 sq. ft. in Seattle's central business district and a property in Malibu, Los Angeles in September 2015. Total acquisition costs for these two investments of US$186.5 million were paid by the U.S. Fund.

As for the Group's core profit in 2015, core profit attributable to equity holders declined by 7.2% to HK$1,780.1 million in 2015 (2014: HK$1,919.2 million), which was impacted by non-operational factors including lower interest income, whilst the drop in the Group's core operating income, which reflected the performance of the Group's core business, was much more moderate and fell by only 1.7% to HK$2,268.0 million in 2015 (2014: HK$2,306.6 million).

Revenue based on the core business of the Group reached HK$5,622.6 million, which was 0.5% higher than that of last year (2014: HK$5,594.4 million). The increase was predominantly due to higher revenue from the Hotels Division, for which had delivered a 7.9% revenue growth in 2015. Nevertheless, a majority of the Group's other businesses have mostly witnessed a decline in revenue in 2015.

The increase in revenue of the Hotels Division was primarily attributable to an additional revenue contribution from The Langham, Xintiandi, which became a wholly-owned hotel in December 2014. Distribution income from Champion REIT only dropped by 0.3% in 2015 as we had increased holding in the REIT. On the other hand, management fee income from Champion REIT had dropped by 5.6% in 2015. A decline in the Group's gross rental income in 2015 was due to a lack of recognition of rental contribution from the three U.S. office properties, as they had been transferred to the U.S. Fund, whereas the decline in distribution income from LHI was primarily due to a drop in revenue of the Hong Kong hotels.

Although overall core revenue of the Group was modestly lifted by higher revenue achieved by the Hotels Division, the Group's operating income from core business dropped by 1.7% to HK$2,268.0 million in 2015 (2014: HK$2,306.6 million), as the increase in operating income of the Hotels Division was not enough to offset the decrease in operating income of all other divisions. Note that our share of asset and property management fee income from the U.S. Fund, which the Group has a 49.6% stake, was HK$44.0 million in 2015 (2014: HK$4.5 million) and was included under "other operations" of operating income.

The Group's administration expenses rose by 7.2% to HK$337.2 million in 2015 (2014: HK$314.5 million), as our businesses expanded. Nonetheless, the Group's other income, which included gains on our non-core investments increased by 35.2% to HK$263.6 million in 2015 (2014: HK$195.0 million), as a disposal gain amounting to HK$110.3 million (2014: Nil) was recognised for the sale of our investment in an associate in 2015. Also, included in the Group's other income in 2015 were realised gains on securities of HK$79.3 million (2014: HK$133.8 million). For the sake of clarity, only realised gains and losses were included in core profit.

A key factor contributing to the decline in core profit was the lower interest income recorded in 2015, which fell by 48.7% to HK$149.4 million (2014: HK$291.3 million). The decline in interest income was a result of our cautious stance towards Renminbi in 2015. Despite the higher deposit interest rates offered by Renminbi or Renminbi-linked deposits, the Group had scaled back for placing such deposits in 2015, which led to the drop in interest income in 2015. In fact, in addition to the planned conversion of the unearmarked Renminbi in July 2015 as reported in 2015's interim report, we had effectively converted almost all of the Group's remaining Renminbi balance back into Hong Kong dollars by the end of August 2015. In hindsight, the conversion had turned out to be well timed, given the Renminbi had depreciated rapidly towards the end of 2015. However, such conversion had resulted in realised exchange losses of HK$67.2 million, which were included under the "other expenses" item in 2015's core profit.

Finance costs rose 5.1% to HK$174.8 million in 2015 (2014: HK$166.3 million), as additional interest expense was incurred upon consolidation of the debt of The Langham, Xintiandi. Share of losses of associates was HK$3.4 million, which was mostly attributable to the operating losses incurred by an associate before we sold the investment. Loss of a joint venture had reduced to HK$19.9 million in 2015 (2014: loss of HK$36.4 million), as less marketing and administrative expenses were incurred for the project in Dalian. All-in-all, core profit after tax attributable to equity holders dropped by 7.2% to HK$1,780.1 million in 2015 (2014: HK$1,919.2 million).

BUSINESS REVIEW

HOTELS DIVISION

		Year ended 31 December		
		2015	**2014**	**Change**
		HK$ million	***HK$ million***	
Hotel Revenue				
Overseas Hotels	- Europe	**535.6**	**553.6**	**- 3.3%**
	- North America	**1,857.5**	**1,822.8**	**1.9%**
	- Australia/New Zealand	**730.1**	**803.0**	**- 9.1%**
	- China	**352.0**	**13.9**	**n.m.**
Others (including hotel management income)		**152.4**	**168.1**	**- 9.3%**
Total Hotel Revenue		**3,627.6**	**3,361.4**	**7.9%**
Hotel EBITDA				
Overseas Hotels	- Europe	**119.6**	**125.3**	**- 4.5%**
	- North America	**174.0**	**131.5**	**32.3%**
	- Australia/New Zealand	**111.5**	**123.1**	**- 9.4%**
	- China	**101.1**	**0.8**	**n.m.**
Others (including hotel management income)		**87.2**	**134.0**	**- 34.9%**
Total Hotel EBITDA		**593.4**	**514.7**	**15.3%**

Revenue of the Hotels Division, which comprised of eleven wholly-owned overseas hotels, and other Hotels Division related businesses such as hotel management income, rose by 7.9% to HK$3,627.6 million in 2015. The increase in revenue of the Hotels Division was primarily attributable to the additional revenue contribution from The Langham, Xintiandi, which became a wholly-owned hotel in December 2014. Whereas prior to the full-interest acquisition, the Group only owned a one-third stake in The Langham, Xintiandi, and previously our share of its results was represented under the 'share of results of associates'. The hotel in downtown Washington, D.C., U.S. has still been undergoing renovation and was closed throughout 2015.

EBITDA of the Hotels Division grew at a faster rate of 15.3% to HK$593.4 million in 2015, as the EBITDA margin of The Langham, Xintiandi was higher, and the margin of the North American hotels was improved, when The Langham, Chicago had made a turnaround in 2015 from its loss making position in 2014.

In terms of the performances of the North America portfolio, EBITDA growth was mainly driven by The Langham, Chicago, which turned into a profit after operations had been ramped up, Chelsea Hotel in Toronto also performed better after all the renovation works had been completed by June 2015. However, EBITDA growth of the Toronto hotel in 2015 was dragged by adverse currency movement against Hong Kong dollar.

As for the Australasia portfolio, there was growth in revenue and EBITDA of the portfolio was in local currency terms, but given adverse currency movement, it had been translated into decline in Hong Kong dollar terms. In local currency terms, growth in EBITDA of the Australasia portfolio was driven by performance at The Langham Auckland, whereas The Langham, Sydney still incurred a loss in 2015, where occupancy of the hotel remained low in 2015.

In local currency terms, the hotel in Europe, The Langham, London also witnessed an improvement in business in the second half of 2015 when compared with that during the first half period, and had delivered a modest growth in both revenue and EBITDA for the full year in 2015. However, given adverse currency movement, the growth had been translated into decline in Hong Kong dollar terms. In China, the growth in revenue and EBITDA of The Langham, Xintiandi was a result of the full-year contribution from the hotel.

While EBITDA of the overseas hotels had increased in 2015 as a whole, there was increased deficit incurred for acting as the lessee of LHI's hotels and hotel management fee income was also lowered and these have resulted in a reduction in other income from the Hotels Division.

As the lessee of LHI, the Group receives income from LHI's hotels and in return pays rents to LHI. As there was a drop in the hotels' income in 2015, this led to a shortfall between the income and the rents paid to LHI. The shortfall or deficit incurred by the Group as the Lessee of LHI's hotels was included in "others" under breakdown of the Hotels Division. Hotel management fee income also declined in 2015, which was due to a lower hotel management fee received from LHI, and the absence of management fee income from The Langham, Xintiandi, when it become a wholly-owned hotel in December 2014 and hotel management fee received from The Langham, Xintiandi was eliminated after Intra-Group eliminations.

Hotels Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (local currency)		RevPar (local currency)	
	2015	2014	2015	2014	2015	2014	2015	2014
The Langham, Hong Kong	457	465	84.7%	88.9%	2,198	2,295	1,862	2,040
Cordis, Hong Kong*	620	650	89.7%	91.2%	1,734	1,871	1,555	1,706
Eaton, Hong Kong	465	465	89.5%	96.1%	1,093	1,213	978	1,166
The Langham, London	341	366	80.8%	81.1%	294	266	238	216
The Langham, Melbourne	388	388	86.5%	86.1%	301	285	261	246
The Langham, Auckland	409	409	83.5%	82.6%	190	173	159	143
The Langham, Sydney	88	58	63.2%	82.3%	415	303	262	250
The Langham, Boston	318	318	84.0%	82.0%	273	256	229	210
The Langham Huntington, Pasadena	380	380	73.7%	77.0%	263	251	194	194
The Langham, Chicago	316	315	69.9%	60.0%	352	326	246	196
Chelsea Hotel, Toronto	1,590	1,590	70.2%	71.4%	137	130	96	93
Langham Place, Fifth Avenue, New York	214	214	74.5%	74.5%	549	538	409	400
The Langham, Xintiandi, Shanghai^	357	356	70.8%	69.3%	1,758	1,669	1,245	1,156

* Rebranded from Langham Place, Hong Kong in August 2015

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

HONG KONG HOTELS

After the spinoff of the Hong Kong hotels, the financial returns on the Group's 60.7% equity stake in the three hotels in Hong Kong were reflected through our investment in LHI, under the section "Investment in LHI".

The Langham, Hong Kong

The Langham, Hong Kong managed to increase its share of arrivals from the Mainland China slightly in 2015 as compared with that in 2014, while arrivals from the U.S., which is another key market for the hotel, remained flat in 2015 as compared to 2014. However, arrivals fell for almost all of the other key markets, including Australia, Europe and other Asian countries. Revenue from Food and Beverage ("F&B") rose by 2% in 2015, which was due to stronger banqueting business, as well as pick-up in business from the Chinese restaurant, which achieved a three star-rating from Michelin in November 2015. This will help to enhance revenue growth of F&B in 2016.

During 2015, the hotel achieved average occupancy of 84.7% on an average of 457 rooms (2014: 88.9% on an average of 465 rooms) and an average room rate of HK$2,198 (2014: HK$2,295). RevPAR was HK$1,862 in 2015, down 8.7% from 2014.

Cordis, Hong Kong (rebranded from Langham Place, Hong Kong in August 2015)

Cordis, Hong Kong also accommodated more arrivals from Mainland China, while arrivals from most of the other key markets had dropped in 2015 as compared with that in 2014. However, the Cordis, Hong Kong witnessed a low single-digit improvement in RevPAR during the fourth quarter of 2015. As for the renovation of its rooms, they have all been completed by the end of November 2015 which will help the hotel attract guests going forward. Revenue from F&B dropped by 2% in 2015. The decrease was attributable to a drop in revenue at The Place restaurant, which underwent renovation during the first quarter of 2015.

For the year 2015, the hotel achieved average occupancy of 89.7% (2014: 91.2%) and an average room rate of HK$1,734 (2014: HK$1,871). RevPAR in 2015 dropped 8.9% year-on-year to HK$1,555.

Eaton, Hong Kong

Eaton, Hong Kong suffered more from weaker overnight tourist visitations from Mainland China, as compared with the other two hotels of the portfolio. The Eaton, Hong Kong witnessed a 34.7% drop in arrivals from the Mainland China market in 2015, as it faced intense competition from other lower-priced hotels. Even though Eaton's lowered room rates have attracted more budget travellers from other key markets like Australia, U.S., United Kingdom and other Asian countries, such increase was unable to offset the large decline in arrivals from Mainland China. Revenue from F&B at the Eaton, Hong Kong, dropped by 2% in 2015 on lower banqueting revenue.

For the year 2015, the hotel achieved average occupancy of 89.5% (2014: 96.1%) and an average room rate of HK$1,093 (2014: HK$1,213). RevPAR dropped 16.1% to HK$978 in 2015.

OVERSEAS HOTELS

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

EUROPE

The Langham, London

Despite the soft business during the first half of 2015, the completion of the hotel's Sterling suite and club lounge in July 2015, as well as major event held in city helped The Langham, London to drive average rate growth during the second half of 2015. Therefore, even with ongoing renovation had reduced the number of available rooms in 2015, there was still a growth in the room revenue in 2015. Revenue from F&B rose by 8% in 2015, which was due to improved business from the restaurants. After the success of the renovated suite, renovations on another 109 rooms had begun in November 2015, and are expected to complete in the second quarter of 2016. These renovations will further position the hotel as one of the most luxurious hotels in Central London.

For the year 2015, the hotel achieved occupancy of 80.8% on an average of 341 available rooms (2014: 81.1% on an average of 366 available rooms) and an average room rate of £294 (2014: £266).

NORTH AMERICA

The Langham, Boston

With an increase in the number of conventions held in the city in 2015, this had enabled the hotel to raise its room rates by 7% while still achieving occupancy growth in 2015. In addition to the growth in room revenue, revenue from F&B also increased by 10% in 2015, which was attributable to an increase in catering business, as more corporate meetings and conference activities were held, and most of the restaurants also witnessed growth in business in 2015.

For the year 2015, the hotel achieved average occupancy of 84% (2014: 82%) and an average room rate of US$273 (2014: US$256).

The Langham Huntington, Pasadena

While there was a drop in corporate group business for the hotel, it targeted more retail travellers to make up for the shortfall in group business. Even though the guest mix towards higher yielding leisure travellers helped to lift average room rates for the hotel in 2015, the increase in the number of retail travellers was not enough to offset the slowdown in corporate group business. Hence, occupancy for the hotel dropped in 2015. Revenue from F&B rose by 7% in 2015, which was driven by the improved catering business.

For the year 2015, the hotel achieved average occupancy of 73.7% (2014: 77%) and an average rate of US$ 263 (2014: US$251).

The Langham, Chicago

Given a relatively low base for comparison in 2014, there was an improvement across the board from both retail and corporate travellers in 2015. This led to both occupancy and average rate growth for the hotel. Occupancy for the hotel increased by 9.9 percentage points year-on-year, while average room rates rose 8% during 2015, bringing RevPAR of the hotel up 25.5% in 2015. Compared with a loss incurred in 2014, the hotel turned a profit in 2015. Revenue from F&B rose by 17% in 2015. The increase was also across the board generating from improvement in catering and restaurant business.

For the year 2015, the hotel achieved occupancy of 69.9% (2014: 60%) and an average rate of US$352 (2014: US$326).

Langham Place, Fifth Avenue, New York

The hotel faced a more challenging operating environment in 2015, as there was increased room supply in the city. The hotel managed to stabilise its occupancy for the year, after witnessing a drop in occupancy during the first half year period. Revenue from F&B, which only comprised of revenue from the lounge on the ground floor and catering business from its meeting and convention facilities, declined by 10% in 2015. The decline was due to the temporary closure of the banquet facilities, which were undergoing renovation from the end of May 2015 to November 2015.

Renovations to the rooms and some of the hotel facilities had already commenced and are expected to complete by the end of the second quarter of 2016.

For the year 2015, the hotel achieved average occupancy of 74.5% (2014: 74.5%) and an average rate of US$549 (2014: US$538).

Chelsea Hotel, Toronto (Rebranded from Eaton Chelsea on 1 January 2015)

While the occupancy of the hotel had been negatively impacted by the soft renovation during the first half of 2015, the performance of the hotel had gradually improved over the second half of 2015, after the completion of the renovation in June 2015. The hotel also hosted the Pan-am Games held in the city during summer of 2015, which helped the hotel to command higher room rates. Revenue from F&B rose by 8% in 2015, which was attributable to improved catering business, as well as the growth in business in a majority of the restaurants. This served to offset a decline in revenue from Bistro restaurant, which was closed during the first quarter of 2015.

For the year 2015, the hotel achieved average occupancy of 70.2% (2014: 71.4%) and an average rate of C$137 (2014: C$130).

AUSTRALIA/NEW ZEALAND

The Langham, Melbourne

The hotel secured more high yielding retail and group travellers in 2015, when there was an increase in demand for hotel rooms with several high profile events being hosted in the city. The hotel was allowed to improve its room rates in 2015, while still maintaining its occupancy during the period. However, revenue from F&B fell slightly in 2015 given softer business at Melba restaurant.

For the year 2015, the hotel achieved occupancy of 86.5% (2014: 86.1%) and an average rate of A$301 (2014: A$285).

The Langham, Sydney

The hotel reopened since December 2014 after it had been closed for a major renovation. However, the performance was impacted during the first quarter of 2015 as some of the hotel's key facilities were not available until the later part of the first quarter of 2015. Although there was an improvement in business from the second quarter onwards, occupancy of the hotel was still low for the year as whole. On the positive side, the re-launch of the renovated rooms and hotel facilities were very well received by the market, and this allowed the hotel to achieve a 37% growth in average room rates in 2015. Revenue from F&B also gained momentum since the second quarter of 2015 with improved business in catering and some of the restaurants.

Some of the rooms underwent further improvement works in December 2015, which are expected to complete by the end of the first quarter of 2016.

For the year 2015, the hotel achieved occupancy of 63.2% on an average of 88 available rooms (2014: 82.3% on an average of 58 available rooms) and an average rate of A$415 (2014: A$303).

The Langham, Auckland

With major events being hosted in the city during 2015, the hotel managed to change its guest mix towards higher yielding retail travellers, which help lifted its room rates by 9.8% in 2015. A decent demand for rooms from the corporate and group segments also help boosted occupancy for the hotel in 2015. Revenue from F&B rose by 4% in 2015. Most of the restaurants delivered revenue growths.

There was also an improvement in revenue at the Crystal function room from the second quarter onwards, after it has been closed for refurbishment during the first quarter of 2015.

For the year 2015, the hotel achieved average occupancy of 83.5% (2014: 82.6%) and an average rate of NZ$190 (2014: NZ$173).

CHINA

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

Supported by the improved demand from both corporate group and retail travellers, the hotel managed to raise its average room rates in 2015, given occupancy also rose during the same period. Revenue from F&B rose by 10% in 2015, which was driven by banqueting and catering business, as more corporate meetings and conferences were held.

For the year 2015, the hotel achieved occupancy of 70.8% (2014: 69.3%) and an average rate of RMB1,758 (2014: RMB1,669).

HOTEL MANAGEMENT BUSINESS

As at the end of December 2015, there were six hotels with approximately 2,000 rooms in our management portfolio. As compared with the number of managed hotels as at the end of June 2015, one long-term hotel management contract was added to the growing portfolio of hotels under management, the Langham Place hotel in Haining with 263 rooms. However, the Eaton Smart, New Delhi Airport hotel with 93 rooms left our management portfolio in December 2015. It should also be noted that The Langham, Xintiandi was excluded in calculating the number of hotels in our management portfolio, as the hotel became wholly owned by the Group from 11 December 2014, and was no longer classified as a managed hotel.

ASSET ACQUISITIONS

Hotel in Washington D.C., USA

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 in the proximity of the White House. The hotel had been closed since 15 December 2014 for a major renovation and will reopen as a brand new 260-key "Eaton" hotel. As this is the first Eaton hotel in the U.S., it will set the standard for our revamped Eaton lifestyle brand, which focuses on the younger and more socially oriented travellers. More time was required on the design to ensure that it will entirely fit the need of its targeted travellers. Therefore, there would be a few months of delay on the completion of renovation. The hotel is expected to open in the first half of 2017.

Hotels in Shanghai, China

In August 2014, the Group entered into agreements to acquire interests in two hotels in Shanghai. Of these hotels, the Group had completed the acquisition of the remaining two-third interest in The Langham, Xintiandi that the Group did not previously own in December 2014.

As for the acquisition of the entire interest in the HUB hotel, which is directly connected to Hongqiao's transportation hub with approximately 400 rooms. The Group took possession of the bare-shell hotel in May 2015, interior design was confirmed and review of mock-up rooms was completed by the end of

2015. Fitting-out works will follow and opening of the hotel under the Cordis brand is targeted for early 2017.

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 the total permissible gross floor area upon development is 730,870 sq. ft. in Pak Shek Kok, Tai Po, Hong Kong. Based on the land cost of HK$2,412 million for the site, this translated to a price of HK$3,300 per sq. ft. The site commands unobstructed sea view of the Tolo Harbour and has been earmarked for a luxury residential development with 700 to 800 residential units. Foundation works have commenced on the site from the third quarter of 2015, and superstructure works are expected to start in the mid of 2017. Total investment cost, including the payment of HK$2,412 million for the site, is expected to be approximately HK$7,000 million.

Dalian Mixed-use Development Project

The project is located on Renmin Road in the East Harbour area of Zhongshan District, the central business district of Dalian, Liaoning Province. It has a total gross floor area of approximately 286,000 square metres and comprises of 1,200 high-end apartments and a luxury hotel with approximately 360 rooms. The Group has a 50% equity interest in the project and acts as the project manager. The Group's share of net asset value in the project was HK$534 million as of the end of December 2015.

Development of the project will be carried out in two phases, phase I comprises of approximately 800 apartments and phase II comprises of the remaining apartments and a hotel. Phase I is currently under development and pre-sales had started since September 2013, with interior fitting-out works being carried out currently and handover of the pre-sold apartments targeted from the second quarter of 2016 onwards.

Given the slow property market in Dalian, a more aggressive pricing strategy was adopted in 2015 for units on lower floors or without ocean view. Sales velocity had since picked up and by the end of December 2015, over 200 of the 292 released units had been sold at approximately RMB18,000 per square metre, with total sales proceeds approaching RMB500 million.

Sales and profits on the presold apartments will not be booked in our income statement until handover of the units. Note that given the sluggish real estate market in Dalian and high construction costs caused by extreme adverse weather, this project will not likely generate much profit.

Tokyo Hotel Redevelopment Project

The Group had entered into agreements to acquire a hotel redevelopment site situated in Roppongi, Tokyo for JPY22.2 billion in July 2015. The closing of this acquisition was originally scheduled for late December 2015, but the sellers have subsequently requested for an extension. The Group had agreed to extend the closing date to June 2016. The sellers will be liable for certain penalty payments to the Group, if they fail to complete the transaction by June 2016. The site with a gross floor area of approximately 350,000 sq. ft. is located in close proximity to the landmark Roppongi Hills Midtown, and construction on the site is expected to start in 2017. Total investment cost, including the sum of JPY22.2 billion to be paid for the site, is expected to be approximately JPY48 billion. The expansion of our Langham Place brand to one of the world's most sought-after cities will significantly increase the value of our hotel brand.

San Francisco Hotel Development Project, 1125 Market Street

Acquisition of this site in San Francisco for US$19.8 million has been completed in May 2015. The land located at 1125 Market Street was the last remaining vacant lot in San Francisco's Central Market and is situated opposite to San Francisco's City Hall and the numerous cultural venues surrounding it. The Central Market area has transformed rapidly in recent years amid increasing presence interest from the global headquarters of technology companies such as Twitter, Uber and Square Dolby. The site has been earmarked for the development of an "Eaton" hotel with a gross floor area of approximately 125,000 sq. ft. We expect the hotel to have about 150 rooms when completed and construction of the project will start after development right of the hotel is approved by the city's planning department. Assuming development approval will be granted in 2016, opening of the hotel is expected to be in late 2018. Total investment cost, including the sum of US$19.8 million paid for the site, is expected to be approximately US$115 million.

San Francisco Hotel Redevelopment Projects, 555 Howard Street

555 Howard Street is a mixed-use development project located right across the new Transbay Transit Center, which is a US$4.5 billion transportation hub in the heart of San Francisco's emerging south of market business district. The Group has completed the acquisition of this untitled site with an estimated gross floor area of 410,000 sq. ft. for US$45.6 million in April 2015. The project is expected to comprise a 220-key luxury Langham Place hotel and approximately 210,000 sq. ft. of residential area for sale. Construction of the project will start once the development is approved by the city's planning department, which is expected to take approximately 30 months.

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 2015 dropped by 1.9% year-on-year to HK$1,007.6 million. Whilst distribution per unit declared by Champion REIT declined by 2.6% in 2015 as compared with 2014, our attributable dividend income from Champion REIT only dropped by 0.3% as compared with 2014 as a result of our increased holdings in Champion REIT. However, management fee income, which included asset management income from Champion REIT, dropped by 5.6% year-on-year to HK292.9 million in 2015. The decline was mostly attributable to reduced agency commission received in 2015.

	Year ended 31 December		
	2015	**2014**	**Change**
	HK$ million	***HK$ million***	
Attributable Dividend income	714.7	717.2	-0.3%
Management fee income	292.9	310.2	- 5.6%
Total income from Champion REIT	**1,007.6**	**1,027.4**	**- 1.9%**

The following texts were extracted from the annual results announcement of Champion REIT for the year of 2015 relating to the performance of the REIT's properties.

Citibank Plaza

Several larger leases signed, occupancy of Citibank Plaza improved to 91.2% as at 31 December 2015. The latest achieved rent rates have surpassed HK$100 per sq. ft. as compared to the passing office rent as at 31 December 2015 of HK$75.39 per sq. ft. (based on lettable floor area). However, many of the new leases did not become effective till the latter part of the year and rental income for 2015 was down 9.2% to HK$966 million. Net Property Income for full year 2015 decreased by 12.0% to HK$821 million due to higher one-off expenses incurred to support the leasing up.

Langham Place Office Tower

Total Rental Income from Langham Place Office Tower went up by 8.8% to HK$306 million for 2015. Positive rental reversion was a key driver for the rental income growth. Supported by the location-sensitive tenants, the average passing rents recorded steady increase to HK$37.50 per sq. ft. (based on gross floor area) as at 31 December 2015, compared with HK$35.87 per sq. ft. as at 31 December 2014. The lower tenancy turnover of the office tower has saved rental commissions, which in turn saving the net property operating expenses by 20.1%. Net Property Income was HK$283 million for 2015, an increase of 12.0% as compared with HK$253 million for 2014.

Langham Place Mall

The mall is not fully immune to the slowdown in retail market and turnover rent has softened to HK$92.2 million, lower than HK$96.5 million in 2014. Since base rent is the core contributor of income of the mall, the softening in turnover rent has not reversed the upward trend in overall rental income. Total rental income of Langham Place Mall was HK$790 million for 2015, an increase of 7.6% as compared with HK$735 million for 2014. Net property operating expenses went down as fewer tenancy turnover has saved rental commission, and repairs and maintenance expenses of the mall, where the savings outweighed the increase in promotion expenses. Net Property Income increased by 10.5% to HK$680 million from HK$615 million in the previous year.

INVESTMENT IN LHI

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

In 2015, there was a decline in the hotels' revenue as overnight tourist arrivals to Hong Kong declined for the first time in 2015 since the last global financial crisis in 2009. This had resulted in a 9.9% year-on-year drop in distribution income from LHI. The distribution has already taken into account a lower number of share stapled units with distributions waived in 2015. In 2015, distribution entitlement in respect of our 100 million share stapled units held will be waived, which was down from 150 million share stapled units in 2014. The number of distribution waiver units will remain at 100 million share stapled units for the financial year 2016, and reduce to 50 million share stapled units for the financial year 2017, and all of our holdings will be entitled to receive distribution payable from 2018 onwards.

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 value of the properties of LHI going forward.

	Year ended 31 December		
	2015	**2014**	**Change**
	HK$ million	***HK$ million***	
Attributable Distribution income	275.7	306.0	-9.9%

INVESTMENT PROPERTIES

	Year ended 31 December		
	2015	**2014 (Restated)**	**Change**
Gross rental income	HK$ million	HK$ million	
Great Eagle Centre	143.4	140.5	2.1%
Eaton Serviced Apartments	47.2	49.2	-4.1%
United States Office Properties	-	184.7	n.a.
Others*	45.8	42.6	7.5%
	236.4	**417.0**	**-43.3%**
Net rental income			
Great Eagle Centre	133.0	128.8	3.3%
Eaton Serviced Apartments	28.6	31.7	-9.8%
United States Office Properties	-	93.3	n.a.
Others*	12.9	9.0	43.3%
	174.5	**262.8**	**-33.6%**

* Rental income of the 2700 Ygnacio property in the U.S was included in “Others” in 2014 and 2015.

Great Eagle Centre

There was a pickup in office leasing activities at Great Eagle Centre that led to improved occupancy for the building in the second half of 2015, which rose to 98.2% as at the end of 2015 (end of December 2014: 98.9%), as compared with 97.5% as of June 2015. As spot rents at Great Eagle Centre were already at a high level and stood at only a small discount to office rents in Central, even when there is little vacancy in the building, it was difficult to command much higher rents on new leases. As a result, there was only a small growth in average passing rent for the leased office space at Great Eagle Centre, which was raised from HK$63.8 per sq. ft. as of December 2014 to HK$64.8 per sq. ft. as of December 2015.

Including rental income from the retail space, total gross rental income for Great Eagle Centre increased by 2.1% to HK$143.4 million in 2015, while net rental income increased by 3.3% to HK$133.0 million on lowered expenses incurred.

	As at the end of		
	December 2015	**December 2014**	**Change**
Office (on lettable area)			
Occupancy	**98.2%**	98.9%	*- 0.7ppt*
Average passing rent	**HK$64.8**	HK$63.8	*+ 1.6%*
Retail (on lettable area)			
Occupancy	**99.4%**	93.5%	*+ 5.9ppt*
Average passing rent	**HK$98.2**	HK$100.0	*- 1.8%*

Eaton Serviced Apartments

As improved rental income at the Blue Pool Road and Wanchai Gap Road properties was not enough to offset a decline in rental income at the Village Road property, the gross rental income from the three serviced apartments declined by 4.1% in 2015. The drop in rental income from the Village Road property was led by a decline in occupancy, as some of the rooms have undergone renovation from August to November 2015, whereas scaffolding works also negatively impacted occupancy during the other months of 2015. As for the Wanchai Gap Road property, the conversion of the remaining 27 rooms to operate as guesthouse rooms were completed and the guesthouse license was secured in September 2015. All 71 rooms at the Wanchai Gap property can now be sold on a daily basis, which should help to drive rental rate going forward.

Average passing rent for the three serviced apartments dropped by 0.6% to HK$48.2 per sq. ft. on gross floor area in 2015, as compared with HK$48.5 per sq. ft. in 2014. Gross rental income dropped by 4.1% to HK$47.2 million in 2015, but as more operating expenses have been incurred for the guesthouse operations at the Wanchai Gap Road property, net rental income dropped by 9.7% to HK$28.6 million in 2015.

	Year ended 31 December		
	2015	2014	Change
(on gross floor area)			
Occupancy	**75.8%**	78.0%	*-2.2ppt*
Average passing rent	**HK$48.2**	HK$48.5	*-0.6%*

U.S. Real Estate Fund (U.S. Fund)

As part of the Group's effort to expand our asset-light asset management, the Group has established a U.S. Fund in 2014, which targets office and residential property investments in the United States. The Group is the Fund's key asset manager with a 80% stake in the asset management company, and the remaining is held by China Orient Asset Management (International) Holding Limited ("COAMCI").

Great Eagle effectively injected three of its U.S. office properties to the Fund in 2014 which represent the Group's equity investment in the Fund, whereas COAMCI has committed approximately US$200 million to the Fund. As at the end of 2015, total net asset value of the Fund stood at US$420 million. Except for the properties injected by Great Eagle, the Fund had acquired a residential development project on 1545 Pine Street at US$21 million, an office building in Seattle's central business district at US$124.5 million, and a property in Malibu, Los Angeles at US$62 million. The Group's interest in the U.S. Fund was 49.6% as at the end of December 2015.

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 of such income stream, 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.

Since the establishment of the Fund, apart from properties transferred by the Group, the Fund had acquired several projects and the followings are updates of their newly acquired projects.

The site located at 1545 Pine Street, San Francisco was acquired for US$21 million in January 2015. The land is situated in the trendy Polk Street neighbourhood, in proximity to the traditional luxury residential areas of Nob Hill and Pacific Heights. The development will have a gross floor area of approximately 135,000 sq. ft. comprising approximately 100 studio, and one- and two-bedroom residences. Total investment cost for the project, including the US$21 million paid for the site, is expected to be approximately US$83 million. Site preparation work has started with excavation slated for the first quarter of 2016. Marketing on the sale of this condo project will begin in due course with a launch of sales planned before the end of 2016.

The acquisition of the residential property in Malibu was completed in September 2015 for US$62 million. The strategy is to reposition its 68 rental apartment units into high-end for-sale condominiums. Malibu is a sought-after high-end coastal residential area in Los Angeles, where regulatory development constraints establish high barriers to entry and currently no similar competing properties are available for sale or under development. Repositioning, renovations and marketing is planned to commence in mid-2016 after all units have been taken into vacant possessions.

The office building in Seattle, for which the Fund had acquired, is known as the Dexter Horton Building, a historic building named after the founder of Seattle First Bank. It is a 15-story building with a rental floor area of 336,355 sq. ft. and is located at 710 Second Avenue in Seattle's central business district. The Fund acquired it for US$124.5 million in September 2015. As there is currently strong demand for office space from technology companies, this property provides a value-add opportunity. The plan is to improve the building and to solicit more technology tenants that pay higher rents.

In 2015, the Group booked HK$44.0 million (2014: HK$4.5 million) for our share of asset and property fee income from the U.S. Fund, which was included under "Other Operations" in the Group's operating income.

OUTLOOK

The market turmoil of 2015 extended into 2016 and financial markets around the world had endured one of their worst years to start with. These volatile movements reflected the heightened risks in further slowdown of the global economy, as there are signs of a slowdown of global trade, which were reflected in the sluggishness of commodities prices and devaluation of the currencies for those export dependent countries.

At least these setbacks have prompted policymakers around the world to embrace further easing. Japan took the lead in response and adopted negative interest-rate policy to spur investment growth and more importantly, the increased volatility in the financial markets might convince the U.S. Federal Reserve Board to take a more gradual approach in raising interest rates. We have to stay exceptionally vigilant on the impact of the slowdown of the global economy and be ready to respond and mitigate the negative impact of the slowdown in our businesses. For the time being, some of our major profit contributing businesses such as income from Champion REIT seem largely stable.

For Champion REIT, it has successfully stabilised the occupancy of Citibank Plaza for the coming several years. Top-line property income should start rising in 2016 and barring unforeseen circumstances, a resumption of growth in the REIT's distributable income is expected in 2016. For Great Eagle Centre, it will enjoy near full occupancy in 2016.

As for the performance of the three Hong Kong hotels owned by LHI, RevPAR in 2016 will continued to be impacted by a strong Hong Kong dollar and other political factors, which could affect corporate travel spending and leisure tourists' enthusiasm to travel.

In terms of the outlook for the overseas hotels, the hotel in Washington D.C. will still be closed for renovation, and performance of the Langham Place Fifth Avenue hotel in New York may be impacted by renovation to the hotel rooms. Other hotels in Chicago, Pasadena and Boston should have slight improvement in performance. Further recovery in RevPAR is also expected for the hotel in Toronto, after the completion of the renovation last year. Meanwhile, renovation of a third of the rooms may affect the performance of The Langham, London in 2016.

The Langham, Sydney is expected to turnaround in 2016 after operations ramp up, which shall support performance of the Australasia hotel portfolio. In China, The Langham, Xintiandi, Shanghai should benefit from continued positive travel sentiment, given more demand after the expected opening of a major theme park in Shanghai in mid-2016.

Until there are stabilisation in at least some of the key factors, such as collapsing oil price and a clearer economic picture can emerge from China, the world's financial markets will be volatile and unstable in the first half of 2016.

FINANCIAL REVIEW

DEBT

On statutory basis, after consolidating the results of Champion REIT, LHI and the U.S. Fund, the consolidated net debts of the Group as of 31 December 2015 was HK$20,457 million, an increase of HK$2,555 million compared to that as of 31 December 2014. The increase in reported net borrowings at the balance sheet date was mainly due to the payments for acquisition of properties in China and the U.S. .

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 31 December 2015 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK$54,333 million, representing an increase of HK$2,563 million compared to the value of HK$51,770 million as of 31 December 2014. The increase was mainly attributable to the profit for the year, increase in share premium due to additional shares issued under employees share option scheme and other reserves and after set off by dividends paid out during the year.

For statutory accounts reporting purpose, on consolidation the Group is treated as to include entire debts of Champion REIT, LHI and the 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 2015 was 37.7%. However, since only 62.7%, 60.7% and 49.6% of the net debts of Champion REIT, LHI and the 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 position is illustrated below.

Net debt (cash) at 31 December 2015	Consolidated	Sharing of Net Assets*
	HK$ million	**HK$ million**
Great Eagle	**(1,521)**	**(1,521)**
Champion REIT	**13,895**	**-**
LHI	**6,496**	**-**
U.S. Fund	**1,587**	**-**
Net debts (cash)	**20,457**	**(1,521)**
Equity Attributable to Shareholders of the Group	**54,333**	**62,818**
Gearing ratio as at 31 December 2015	**37.7%**	**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 2015, the market value of these bonds and notes amounted to HK$154 million and invested securities amounted to HK$630 million. Should these amounts be taken into account, the consolidated net borrowings and gearing ratio would be reduced to HK$19,673 million and 36.2% respectively. The net cash based on sharing of net assets of Champion, LHI and the U.S. Fund would be correspondingly increased to HK$2,305 million.

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

INDEBTEDNESS

Our gross debts (including medium term note) after consolidating Champion REIT, LHI and the U.S. Fund amounted to HK$27,288 million as of 31 December 2015. Foreign currency gross debts as of 31 December 2015 amounted to the equivalent of HK$8,895 million, of which the equivalent of HK$3,368 million or 38% was on fixed-rate basis.

FINANCE COST

The net consolidated finance cost incurred during the year was HK$519 million. Overall interest cover at the reporting date was 6.3 times.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 31 December 2015, our cash, bank deposits and undrawn loan facilities amounted to a total of HK$6,561 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 2015:

Within 1 year	36.6%
1-2 years	17.3%
3-5 years	31.9%
Over 5 years	14.2%

PLEDGE OF ASSETS

At 31 December 2015, properties of the Group with a total carrying value of approximately HK$64,691 million (31 December 2014: HK$58,459 million) and HK dollars bank deposit of HK$621 million (31 December 2014: 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 2015, 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$1,308 million (31 December 2014: HK$931 million) of which HK$292 million (31 December 2014: HK$181 million) was contracted for.

At 31 December 2015, 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 2014: RMB25.8 million) and cash commitment to the China Orient Great Eagle (PRC) Real Estate Investment Opportunity Fund L. P. of US$46 million (equivalent to HK$357 million) (31 December 2014: US$90 million).

At 31 December 2015, the Group has outstanding commitments for the acquisition of underground and carpark portion of a hotel development project located at Minhang District, Shanghai, the PRC of RMB193 million (equivalent to HK$230 million) (31 December 2014: RMB868 million).

In July 2015, the Group entered into two purchase and sale agreements for the acquisition of properties in Tokyo, Japan at a total consideration of JPY22.2 billion (equivalent to HK$1,430 million as at 31 December 2015). Deposits of JPY2.2 billion (equivalent to HK$143 million) was paid in August 2015. Completion date of the agreements has been extended to 30 June, 2016 subject to satisfaction of the conditions precedent as set out in the agreements.

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

FINAL DIVIDENDS

The Board recommends the payment of a final dividend of HK47 cents per share (2014: HK47 cents per share) and a special final dividend of HK$2.00 per share (2014: Nil) for the year ended 31 December 2015 to the Shareholders subject to the approval of the Shareholders at the forthcoming 2016 Annual General Meeting (the “2016 AGM”).

Taken together with the interim dividend of HK27 cents per share paid on 16 October 2015, the total dividend for the year 2015 is HK$2.74 per share (2014 total dividend: HK74 per share, comprising an interim dividend of HK27 cents and a final dividend of HK47 cents).

Shareholders will be given the option to receive the proposed 2015 final dividend of HK47 cents in new shares in lieu of cash (the "Scrip Dividend Arrangement") and the special final dividend of HK$2.00 will be paid in the form of cash. The Scrip Dividend Arrangement is subject to: (1) the approval of proposed 2015 final dividend and special final dividend at the 2016 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 2016. Dividend warrants and share certificates in respect of the proposed 2015 final dividend and special final dividend are expected to be despatched to the Shareholders on 22 June 2016.

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) To attend and vote at the 2016 AGM

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the 2016 AGM, the Registers of Members will be closed from Wednesday, 4 May 2016 to Tuesday, 10 May 2016, both days inclusive.

In order to be eligible to attend and vote at the 2016 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 Tuesday, 3 May 2016.

(ii) To qualify for the proposed 2015 final dividend and special final dividend

For the purpose of ascertaining the Shareholders' entitlement to the proposed 2015 final dividend and special final dividend, the Registers of Members will be closed from Tuesday, 17 May 2016 to Friday, 20 May 2016, both days inclusive.

In order to qualify for the proposed 2015 final dividend and special 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 Monday, 16 May 2016.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2016 AGM of the Company will be held on Tuesday, 10 May 2016. The notice of 2016 AGM together with the 2015 Annual Report and all other relevant documents (the "Documents") will be despatched to the Shareholders by the end of March 2016. The Documents will also be published on the Company's website at www.greateagle.com.hk and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

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 and non-fulfillment of Rule 3.10A of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

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 five 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 the Executive Directors and Senior Managmeent.

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 disclosed his biographical details in accordance with Rule 13.74 of the Listing Rules in the circular to the Shareholders in relation to the re-election of retiring Directors to be issued by the end of March 2016.

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 2015 Director Development Program provided by the Company.

Rule 3.10A requires that the Company must appoint Independent Non-executive Directors representing at least one-third of the board

Following the appointment of two additional Executive Directors to the Board on 2 December 2015, the number of Independent Non-executive Directors of the Board was less than one-third of the members of the Board. Upon the appointment of Mr. Lee Siu Kwong, Ambrose as an Independent Non-executive Director with effect from 28 January 2016, the Company had then fulfilled the requirement of Rule 3.10A of the Listing Rules and within three months from 2 December 2015 as required under Rule 3.11 of the Listing Rules.

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 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 December 2015, 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 2015, the total number of issued shares of the Company was 664,725,017. A total of 8,918,066 new shares were issued during the year.

- On 16 June 2015, 8,135,066 new shares were issued at the price of HK$27.07 per share pursuant to the Scrip Dividend Arrangement in respect of the 2014 final dividend. Details of the Arrangement were set out in the announcement published by the Company on 13 May 2015 and the circular to the Shareholders dated 18 May 2015 respectively.

- During the year ended 31 December 2015, 783,000 new shares were issued pursuant to exercise of share options under the Share Option Scheme of the Company by Directors and employees of the Company or its subsidiaries.

PUBLIC FLOAT

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

AUDIT COMMITTEE

The final results of the Company for the year ended 31 December 2015 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2015 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, Mr. LO Chun Him, Alexander, Mr. KAN Tak Kwong (General Manager) and Mr. CHU Shik Pui 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, Mr. ZHU Qi and Mr. LEE Siu Kwong, Ambrose being the Independent Non-executive Directors.

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

Hong Kong, 1 March 2016

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTES	2015 HK$'000	2014 HK$'000
Revenue	4	**8,270,902**	8,127,367
Cost of goods and services		**(4,809,646)**	(4,639,010)
Operating profit before depreciation		**3,461,256**	3,488,357
Depreciation		**(606,464)**	(487,763)
Operating profit		**2,854,792**	3,000,594
Other income	6	**433,949**	539,581
Fair value changes on investment properties		**3,011,940**	1,204,935
Reversal of impairment loss in respect of a hotel property		**284,370**	-
Fair value changes on derivative financial instruments		**1,767**	(297)
Fair value changes on financial assets at fair value through profit or loss		**(45,041)**	2,332
Impairment loss on available-for-sale investments		**(45,824)**	-
Administrative and other expenses		**(512,816)**	(571,484)
Finance costs	7	**(686,545)**	(623,404)
Share of results of associates		**(3,442)**	(9,739)
Share of results of a joint venture		**(19,925)**	(36,374)
Profit before tax		**5,273,225**	3,506,144
Income taxes	8	**(539,172)**	(496,305)
Profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	9	**4,734,053**	3,009,839
Profit for the year attributable to:			
Owners of the Company		**3,312,335**	2,115,101
Non-controlling interests		**174,432**	153,920
		3,486,767	2,269,021
Non-controlling unitholders of Champion REIT		**1,247,286**	740,818
		4,734,053	3,009,839
Earnings per share:	11		
Basic		**HK$4.98**	HK$3.23
Diluted		**HK$4.98**	HK$3.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 **HK$'000**	2014 HK$'000
Profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	**4,734,053**	3,009,839
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investments	**18,361**	81,892
Reclassification adjustment on impairment of available-for-sale investments	**45,824**	-
Reclassification adjustment upon disposal of available-for-sale investments	**(76,539)**	(133,794)
Exchange differences arising on translation of foreign operations	**(412,945)**	(211,197)
Share of other comprehensive income of associates	**5,981**	7,598
Share of other comprehensive expense of a joint venture	**(26,116)**	(14,778)
Cash flow hedges:		
Fair value adjustment on cross currency swaps designated as cash flow hedge	**(70,701)**	48,888
Reclassification of fair value adjustments to profit or loss	**(842)**	(4,214)
Other comprehensive expense for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**(516,977)**	(225,605)
Total comprehensive income for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**4,217,076**	2,784,234
Total comprehensive income for the year attributable to:		
Owners of the Company	**2,822,126**	1,871,772
Non-controlling interests	**174,333**	153,928
	2,996,459	2,025,700
Non-controlling unitholders of Champion REIT	**1,220,617**	758,534
	4,217,076	2,784,234

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**17,155,227**	15,819,104
Investment properties		**73,975,154**	69,867,294
Deposit for acquisition of property, plant and equipment		**142,868**	121,185
Interests in associates		**69,164**	90,366
Interest in a joint venture		**533,507**	579,548
Loan receivables		**211,409**	-
Notes receivable		**253,514**	50,470
Available-for-sale investments		**1,467,334**	1,607,288
Derivative financial instruments		**-**	3,974
		93,808,177	88,139,229
Current assets			
Stock of properties		**3,151,545**	2,415,529
Inventories		**127,906**	155,365
Debtors, deposits and prepayments	12	**868,814**	645,659
Financial assets at fair value through profit or loss		**368,903**	249,512
Notes receivable		**20,248**	124,635
Tax recoverable		**11,010**	17,298
Pledged bank deposits		**620,790**	862,871
Restricted cash		**132,652**	235,037
Bank balances and cash		**6,078,152**	9,100,225
		11,380,020	13,806,131
Current liabilities			
Creditors, deposits and accruals	13	**3,176,466**	3,112,992
Derivative financial instruments		**121**	343
Provision for taxation		**137,760**	139,376
Distribution payable		**221,933**	219,981
Borrowings due within one year		**9,968,284**	3,230,655
		13,504,564	6,703,347
Net current (liabilities) assets		**(2,124,544)**	7,102,784
Total assets less current liabilities		**91,683,633**	95,242,013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	2015	2014
	HK$'000	HK$'000
Non-current liabilities		
Derivative financial instruments	**70,319**	152
Borrowings due after one year	**13,581,971**	21,611,553
Medium term notes	**3,609,826**	3,070,002
Deferred taxation	**1,378,399**	1,182,743
	18,640,515	25,864,450
NET ASSETS	**73,043,118**	69,377,563
Equity attributable to:		
Owners of the Company		
Share capital	**332,363**	327,904
Share premium and reserves	**54,000,282**	51,441,774
	54,332,645	51,769,678
Non-controlling interests	**641,548**	(138,627)
	54,974,193	51,631,051
Net assets attributable to non-controlling unitholders of Champion REIT	**18,068,925**	17,746,512
	73,043,118	69,377,563

1. GENERAL

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

The principal activity of the Company is investment holding.

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

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

The consolidated financial statements have been prepared on a going concern basis because the Directors of the Company are of the opinion that the banking facilities are expected to be refinanced in 2016 taking into account there is strong interest from existing and new banks to provide syndicate facilities of amounts at least equal to current facilities by considering the existing banking relationship and the current fair value of the assets of the Group. An underwritten mandate letter has been signed to secure the refinancing of one of the banking facilities.

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

The application of the amendments to 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 and amendments that have been issued but are not yet effective.

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

[1] Effective for annual periods beginning on or after 1 January 2016.
[2] Effective for annual periods beginning on or after 1 January 2018.
[3] Effective for annual periods beginning on or after a date to be determined.

The Directors of the Company anticipate that the application of HKFRS 9 and HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 and HKFRS 15 until the Group performs a detailed review.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Hong Kong Companies Ordinance or Listing Rules but not

3. SIGNIFICANT ACCOUNTING POLICIES - continued

under the new Hong Kong Companies Ordinance or amended Listing Rules are not disclosed in these consolidated financial statements.

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 2014.

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 restaurant operations.

	2015	2014
	HK$'000	HK$'000
Property rental income from investment properties	**2,510,014**	2,475,899
Building management service income	**250,903**	233,174
Hotel income	**5,091,259**	4,944,644
Sales of goods	**228,071**	228,838
Dividend income	**22,254**	34,842
Others	**168,401**	209,970
	8,270,902	8,127,367

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, investment in securities, provision of property management, maintenance and property agency services.
Results from Champion REIT	-	based on published financial information of Champion REIT.
Results from Langham	-	based on published financial information of Langham.
US Real Estate Fund	-	based on rental income and related expenses of the properties owned by the US Real Estate Fund.

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 at fair value through profit or loss ("FVTPL"), reversal of impairment loss in respect of a hotel property, impairment loss on available-for-sale ("AFS") investments, 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

2015

	Property investment HK$'000	Hotel operation HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE									
External revenue	236,430	5,091,259	418,726	5,746,415	2,272,562	5,425	246,500	-	8,270,902
Inter-segment revenue	-	67,813	349,497	417,310	16,742	676,769	-	(1,110,821)	-
Total	236,430	5,159,072	768,223	6,163,725	2,289,304	682,194	246,500	(1,110,821)	8,270,902

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	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS									
Segment results	174,474	593,446	509,698	1,277,618	1,569,588	563,373	71,667	(20,990)	3,461,256
Depreciation				(437,253)	-	(168,391)	-	(820)	(606,464)
Operating profit after depreciation				840,365	1,569,588	394,982	71,667	(21,810)	2,854,792
Fair value changes on investment properties				331,782	2,278,528	-	404,930	(3,300)	3,011,940
Fair value changes on derivative financial instruments				1,767	-	-	-	-	1,767
Fair value changes on financial assets at FVTPL				(45,041)	-	-	-	-	(45,041)
Impairment loss on AFS investment				(45,824)	-	-	-	-	(45,824)
Reversal of impairment on a hotel property				284,370	-	-	-	-	284,370
Other income				263,600	2,686	-	-	-	266,286
Administrative and other expenses				(431,988)	(14,742)	(22,521)	(51,076)	7,511	(512,816)
Net finance costs				(27,011)	(322,837)	(122,589)	(46,445)	-	(518,882)
Share of results of associates				(3,442)	-	-	-	-	(3,442)
Share of results of a joint venture				(19,925)	-	-	-	-	(19,925)
Profit before tax				1,148,653	3,513,223	249,872	379,076	(17,599)	5,273,225
Income taxes				(238,023)	(208,210)	(57,223)	-	(35,716)	(539,172)
Profit for the year				910,630	3,305,013	192,649	379,076	(53,315)	4,734,053
Less: Profit attributable to non-controlling interests/non-controlling unitholders of Champion REIT				(5,573)	(1,247,286)	(77,756)	(191,012)	99,909	(1,421,718)
Profit attributable to owners of the Company				905,057	2,057,727	114,893	188,064	46,594	3,312,335

5. SEGMENT INFORMATION - continued

Segment revenue and results - continued

2014

	Property investment HK$'000	Hotel operation HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated 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 HK$'000	Hotel operation HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
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 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

6. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Interest income on:		
Bank deposits	**126,967**	242,946
Financial assets designated at FVTPL	**25,284**	25,528
Listed debt securities	**190**	3,485
Notes receivable	**9,912**	6,422
Others	**5,310**	-
	167,663	278,381
Gain on disposal of equity securities	**79,323**	133,794
Gain on deemed disposal of associates	**110,322**	66,238
Recovery of bad debts	**4,696**	-
Gain on repurchase of medium term notes	**2,686**	-
Income arising from historical tax credit	**41,906**	58,163
Late admission fee received from an investor of US Real Estate Fund	**23,114**	-
Sundry income	**4,239**	3,005
	433,949	539,581

7. FINANCE COSTS

	2015	2014
	HK$'000	HK$'000
Interest on bank borrowings	**459,760**	338,197
Interest on other loans	**14,467**	80,459
Interest on medium term notes	**122,993**	116,427
Other borrowing costs	**89,325**	88,321
	686,545	623,404

8. INCOME TAXES

	2015	2014
	HK$'000	HK$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	**251,487**	267,231
Other jurisdictions	**47,357**	59,326
	298,844	326,557
(Over)underprovision in prior years:		
Hong Kong Profits Tax	**(3,256)**	2,294
Other jurisdictions	**(10,563)**	6,369
	(13,819)	8,663
	285,025	335,220
Deferred tax:		
Current year	**263,693**	172,715
Overprovision in prior years	**(1,908)**	(3,553)
Attributable to change in tax rate	**(7,638)**	(8,077)
	254,147	161,085
	539,172	496,305

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

	2015 HK$'000	2014 HK$'000
Profit for the year has been arrived at after charging:		
Staff costs (including Directors' emoluments)	**2,126,027**	2,138,474
Share based payments (including Directors' emoluments)	**12,943**	18,701
	2,138,970	2,157,175
Depreciation	**606,464**	487,763
Auditor's remuneration	**13,671**	13,123
Trustee's remuneration	**11,232**	10,891
Allowance for doubtful debts	**-**	330
Cost of inventories recognised as an expense	**662,389**	686,536
Net exchange loss (included in administrative and other expenses)	**99,419**	156,951
Loss on disposal of property, plant and equipment (included in administrative and other expenses)	**5,438**	25,303
Operating lease payments on rented premises	**9,189**	10,083
Share of tax of associates (included in the share of results of associates)	**1,023**	2,935
and after crediting:		
Net reversal of allowance for doubtful debts	**3,539**	-
Dividend income from listed AFS investments	**22,254**	34,842
Rental income from investment properties less related outgoings of HK$439,843,000 (2014: HK$403,501,000)	**2,070,171**	2,072,398

10. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Dividends paid:		
- Final dividend of HK47 cents in respect of the financial year ended 31 December 2014 (2014: HK43 cents in respect of the financial year ended 31 December 2013) per ordinary share	**308,550**	275,199
- Special final dividend of HK50 cents in respect of the financial year ended 31 December 2013 per ordinary share	**-**	320,000
	308,550	595,199
- Interim dividend of HK27 cents in respect of the financial year ended 31 December 2015 (2014: HK27 cents in respect of the financial year ended 31 December 2014) per ordinary share	**179,468**	177,064
	488,018	772,263

On 16 June 2015, a final dividend of HK47 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 2014.

10. DIVIDENDS - continued

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.

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

	2015	2014
	HK$'000	HK$'000
Dividends:		
Cash	**88,334**	179,919
Share alternative	**220,216**	415,280
	308,550	595,199

	2015	2014
Dividends proposed:		
- Proposed final dividend of HK47 cents in respect of the financial year ended 31 December 2015 (2014: HK47 cents in respect of the financial year ended 31 December 2014) per ordinary share	**312,421**	308,229
- Proposed special final dividend of HK$2 in respect of the financial year ended 31 December 2015 (2014: nil) per ordinary share	**1,329,450**	-
	1,641,871	308,229

The proposed final dividends in respect of the financial year ended 31 December 2015 is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

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

	2015	2014
	HK$'000	HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**3,312,335**	2,115,101

	2015	2014
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**664,529,644**	655,609,198
Effect of dilutive potential shares:		
Share options	**326,504**	565,356
Weighted average number of shares for the purpose of diluted earnings per share	**664,856,148**	656,174,554

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2015 HK$'000	2014 HK$'000
Trade debtors, net of allowance for doubtful debts	**307,589**	316,825
Deferred rent receivables	**150,139**	121,326
Other receivables	**190,983**	40,873
Deposits and prepayments	**220,103**	166,635
	868,814	645,659

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 prepaid expenses for hotel operations (2014: deposits paid to contractors for hotels renovation and prepaid expenses for hotel operations).

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

	2015 HK$'000	2014 HK$'000
0 - 3 months	**174,990**	210,340
3 - 6 months	**20,219**	15,482
Over 6 months	**112,380**	91,003
	307,589	316,825

13. CREDITORS, DEPOSITS AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Trade creditors	**275,804**	219,163
Deposits received	**851,666**	803,544
Construction fee payable and retention money payable	**33,938**	41,606
Accruals, interest payable and other payables	**2,015,058**	2,048,679
	3,176,466	3,112,992

Included in accruals and other payables is accrual of stamp duty of HK$963,475,000 (2014: HK$963,475,000) which is based on the current applicable stamp duty rate of 4.25% (2014: 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.

Apart from the above, accruals and other payables mainly consist of accrued operating expenses for the hotels (2014: accrued renovation and operating expenses for the hotels).

13. **CREDITORS, DEPOSITS AND ACCRUALS** - continued

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

	2015	2014
	HK$'000	HK$'000
0 - 3 months	**229,449**	165,268
3 - 6 months	**13,856**	24,682
Over 6 months	**32,499**	29,213
	275,804	219,163