



鷹君集團有限公司
Great Eagle
Holdings Limited

Incorporated in Bermuda with limited liability (Stock Code: 41)
於百慕達註冊成立之有限公司 (股份代號：41)



INTERIM REPORT
中期報告 2016

GROUP PROFILE

The Great Eagle Group is one of Hong Kong's leading property companies; the Group also owns and manages an extensive international hotel portfolio branded under The "Langham" and its affiliate brands. Headquartered in Hong Kong, the Group develops, invests in and manages high quality residential, office, retail and hotel properties in Asia, North America, Australasia and Europe.

The Group's principal holdings include a 62.81% interest (as at 30 June 2016) in Champion Real Estate Investment Trust, and a 61.71% interest (as at 30 June 2016) in Langham Hospitality Investments and Langham Hospitality Investments Limited (LHI). Champion Real Estate Investment Trust owns 1.64 million square feet of Grade-A commercial office space in Three Garden Road (formerly known as Citibank Plaza) in the central business district of Hong Kong, as well as the office tower and shopping mall of Langham Place comprising a total floor area of 1.29 million square feet in the prime shopping district of Mongkok, Kowloon. As for LHI, it owns three high quality hotels in the heart of Kowloon, the 498-room The Langham hotel in the prime shopping district of Tsimshatsui, the 664-room Cordis hotel (rebranded from Langham Place hotel) in the prime shopping area of Mongkok and connected to the Langham Place Office and Mall, and the 465-room Eaton hotel located on the busy arterial Nathan Road.

The Group's development projects include a luxury residential development project in Pak Shek Kok, Tai Po, Hong Kong, two development projects in San Francisco, U.S., and a hotel development project in Tokyo, Japan. The Group also owns a 49.97% equity stake in the U.S. Real Estate Fund, which invests in office properties and residential developments in the

U.S. The Group's share of net asset value in the U.S. Real Estate Fund amounted to HK\$1,516 million as at the end of June 2016. In addition, the Group is the asset manager of the U.S. Real Estate Fund with an 80% stake in the asset management company of the Fund. The Group is also active in property management and maintenance services as well as building materials trading.

The Group's extensive international hotel portfolio currently comprises twenty-one luxury properties with more than 8,000 rooms, including eighteen luxury hotels branded under The Langham, Langham Place and Cordis brands in the gateway cities of Hong Kong, London, New York, Chicago, Boston, Los Angeles, Sydney, Melbourne, Auckland, Shanghai, Beijing, Shenzhen, Guangzhou, Haining, Haikou, Ningbo and Xiamen; two Eaton hotels in Washington D.C. and Hong Kong; and the Chelsea hotel in Toronto. All the hotels are managed by Langham Hotels International Limited, which is a wholly-owned subsidiary of Great Eagle.

The Group was founded in 1963 with The Great Eagle Company, Limited as its holding company, shares of which were listed on the Hong Kong Stock Exchange in 1972. The Group underwent a re-organisation in 1990 and Great Eagle Holdings Limited, a Bermuda registered company, became the listed company of the Group in place of The Great Eagle Company, Limited.

The Group had a core profit after tax of approximately HK\$1,780 million in the financial year 2015 and a net asset value (based on share of net assets of Champion Real Estate Investment Trust and LHI) of approximately HK\$63 billion as of 30 June 2016.

CONTENTS

Corporate Information	2
Dividend Notice and Key Dates	3
Financial Highlights	4
Management Discussion and Analysis	6
Directors' Biographical Information	25
Governance, Compliance and Corporate Social Responsibility	30
Disclosure of Interests	35
Report on Review of Condensed Consolidated Financial Statements	45
Condensed Consolidated Income Statement	46
Condensed Consolidated Statement of Comprehensive Income	47
Condensed Consolidated Statement of Financial Position	48
Condensed Consolidated Statement of Changes in Equity	50
Condensed Consolidated Statement of Cash Flows	53
Notes to the Condensed Consolidated Financial Statements	55
Glossary of Terms	86

CORPORATE INFORMATION

DIRECTORS

LO Ka Shui (*Chairman and Managing Director*)
LO Kai Shui (*Deputy Managing Director*)
LO TO Lee Kwan[#]
CHENG Hoi Chuen, Vincent*
WONG Yue Chim, Richard*
LEE Pui Ling, Angelina*
LEE Siu Kwong, Ambrose*
POON Ka Yeung, Larry*
LO Hong Sui, Antony
LAW Wai Duen
LO Hong Sui, Vincent[#]
LO Ying Sui[#]
LO Chun Him, Alexander
KAN Tak Kwong (*General Manager*)
CHU Shik Pui

[#] *Non-executive Directors*

* *Independent Non-executive Directors*

AUDIT COMMITTEE

CHENG Hoi Chuen, Vincent (*Chairman*)
WONG Yue Chim, Richard
LEE Pui Ling, Angelina
LEE Siu Kwong, Ambrose

REMUNERATION COMMITTEE

LEE Pui Ling, Angelina (*Chairman*)
CHENG Hoi Chuen, Vincent
WONG Yue Chim, Richard
LEE Siu Kwong, Ambrose

NOMINATION COMMITTEE

WONG Yue Chim, Richard (*Chairman*)
CHENG Hoi Chuen, Vincent
LEE Pui Ling, Angelina
LEE Siu Kwong, Ambrose
POON Ka Yeung, Larry

FINANCE COMMITTEE

LO Ka Shui (*Chairman*)
LO Kai Shui
KAN Tak Kwong

COMPANY SECRETARY

WONG Mei Ling, Marina

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISORS

Appleby
Clifford Chance
Dentons US LLP
Mayer Brown JSM
Shartsis Friese LLP

PRINCIPAL BANKERS

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Citibank, N.A.
Hang Seng Bank Limited
The Hongkong and Shanghai
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STOCK CODE

41

DIVIDEND NOTICE AND KEY DATES

INTERIM DIVIDEND

The Board of Directors of the Company has resolved to declare an interim dividend of HK27 cents per share (2015: HK27 cents per share) for the six months ended 30 June 2016 (the “2016 Interim Dividend”), payable on 14 October 2016 to the Shareholders whose names appear on the Registers of Members of the Company on Wednesday, 5 October 2016.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Friday, 30 September 2016 to Wednesday, 5 October 2016, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the 2016 Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong for registration not later than 4:30 p.m. on Thursday, 29 September 2016.

KEY DATES

2016 Interim Results Announcement	:	17 August 2016
Ex-dividend Date	:	28 September 2016
Closure of Registers of Members	:	30 September 2016 – 5 October 2016 <i>(both days inclusive)</i>
Record Date for 2016 Interim Dividend	:	5 October 2016
Payment of 2016 Interim Dividend	:	14 October 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2016 HK\$ Million	2015 HK\$ Million	Change
Key Financials on Income Statement			
<i>Based on core business¹</i>			
Revenue based on core business	2,786.0	2,685.3	3.7%
Core profit after tax attributable to equity holders	787.4	838.1	– 6.0%
Core profit after tax attributable to equity holders (per share)	HK\$1.17	HK\$1.26	
<i>Based on statutory accounting principles²</i>			
Revenue based on statutory accounting principles	4,180.2	3,982.4	5.0%
Statutory Profit attributable to equity holders	1,492.0	1,465.9	1.8%
Interim Dividend (per share)	HK\$0.27	HK\$0.27	

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	
	June 2016	December 2015 Restated
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	1%	Net Cash
Book value (per share)	HK\$93.3	HK\$94.5
Based on statutory accounting principles²		
Net gearing ³	26.5%	21.9%
Book value (per share)	HK\$80.4	HK\$81.7

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 7.

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 62.81%, 61.71% and 49.97% equity stake of Champion REIT, LHI and the U.S. Fund respectively as at the end of June 2016.

³ Net gearing based on statutory accounting principles is based on net debts attributable to shareholders of the Group divided by equity attributable to shareholders of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CORE PROFIT – FINANCIAL FIGURES BASED ON CORE BUSINESS

	Six months ended 30 June		Change
	2016 HK\$ Million	2015 HK\$ Million	
Revenue from core business			
Gross Rental Income	119.0	116.2	2.4%
Hotels Division	1,708.6	1,702.2	0.4%
Management Fee Income from Champion REIT	173.3	140.2	23.6%
Distribution Income from Champion REIT [^]	398.4	339.9	17.2%
Distribution Income from LHI [^]	136.8	127.3	7.5%
Other operations	249.9	259.5	–3.7%
	2,786.0	2,685.3	3.7%
Net Rental Income	87.2	85.6	1.9%
Hotel EBITDA	235.9	197.9	19.2%
Management Fee Income from Champion REIT	173.3	140.3	23.5%
Distribution Income from Champion REIT [^]	398.4	339.9	17.2%
Distribution Income from LHI [^]	136.8	127.3	7.5%
Operating income from other operations	110.6	104.7	5.6%
Operating Income from core business	1,142.2	995.7	14.7%
Depreciation	(75.9)	(73.7)	3.0%
Administrative and other expenses	(193.9)	(163.5)	18.6%
Other income (including gains on securities)	29.3	83.6	–64.9%
Interest income	31.2	137.7	–77.3%
Finance costs	(67.4)	(93.1)	–27.6%
Share of results of associates	–	(3.7)	n.a.
Share of results of Joint Ventures	(22.1)	(8.9)	148.3%
Core profit before tax	843.4	874.1	–3.5%
Taxes	(53.3)	(34.4)	54.9%
Core profit after tax	790.1	839.7	–5.9%
Non-controlling interest	(2.7)	(1.6)	68.8%
Core profit attributable to equity holders	787.4	838.1	–6.0%

[^] Under the Group's statutory profit, interim results of Champion REIT, LHI and the U.S. Fund are consolidated on the Group's income statement. However, 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:

30 June 2016

	Assets HK\$ Million	Liabilities HK\$ Million	Net Assets HK\$ Million
Great Eagle operations	30,269	7,609	22,660
Champion REIT	42,361	10,652	31,709
LHI	11,604	4,366	7,238
U.S. Fund	2,826	1,310	1,516
	87,060	23,937	63,123

31 December 2015

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

FINANCIAL FIGURES BASED ON STATUTORY ACCOUNTING PRINCIPLES

	Six months ended 30 June		
	2016 HK\$ Million	2015 HK\$ Million	Change
Revenue based on statutory accounting principles			
Gross Rental Income	119.0	116.2	2.4%
Hotels Division	2,437.7	2,440.6	- 0.1%
Other operations (including management fee income from Champion REIT)	423.2	399.7	5.9%
Gross Rental Income – Champion REIT	1,251.8	1,110.4	12.7%
Gross Rental Income – LHI	322.3	323.2	- 0.3%
Gross Rental Income – U.S. Fund	182.9	111.6	63.9%
Elimination on Intra-Group transactions	(556.7)	(519.3)	7.2%
Consolidated Total Revenue	4,180.2	3,982.4	5.0%
Net Rental Income	87.2	85.6	1.9%
Hotel EBITDA	235.9	197.9	19.2%
Operating Income from other operations	283.9	245.0	15.9%
Net Rental Income – Champion REIT	875.1	772.6	13.3%
Net Rental Income – LHI	270.4	265.9	1.7%
Net Rental Income – U.S. Fund	99.8	35.6	180.3%
Elimination on Intra-Group transactions	(27.1)	(6.6)	310.6%
Consolidated Operating Income	1,825.2	1,596.0	14.4%
Depreciation	(295.0)	(282.0)	4.6%
Fair value changes on Investment properties	1,815.8	1,412.0	28.6%
Fair value changes on Derivative Financial Instruments	(73.0)	(2.8)	n.m.
Fair value changes of financial assets designated at fair value through profit or loss	(14.9)	0.1	n.m.
Gain on repurchase of medium term notes	-	2.3	n.a.
Administrative and other expenses	(210.5)	(246.3)	- 14.5%
Other Income (including Interest income)	67.7	231.8	- 70.8%
Finance costs	(367.5)	(354.3)	3.7%
Share of results of associates	-	(3.7)	n.m.
Share of results of Joint Ventures	(22.1)	(8.9)	148.3%
Statutory profit before tax	2,725.7	2,344.2	16.3%
Taxes	(283.7)	(190.4)	49.0%
Statutory profit after tax	2,442.0	2,153.8	13.4%
Non-controlling interest	(249.3)	(89.4)	178.9%
Non-controlling unitholders of Champion REIT	(700.7)	(598.5)	17.1%
Statutory profit attributable to equity holders	1,492.0	1,465.9	1.8%

OVERVIEW

During the first half of 2016, the Group has successfully completed the acquisition of a prime hotel site in Roppongi, Tokyo. The original completion date of acquisition was scheduled in December 2015, but was extended to June 2016 at the request of the seller. We are pleased that this acquisition has been finally closed, as the site is situated in one of the most important commercial and cultural tourism hubs in downtown Tokyo, the penetration of our brand to such a strategically important location will further enhance the positioning of our international luxury hotel brand.

Furthermore, as the asset manager of the U.S. Fund, we had entered into agreements with buyers to dispose of the U.S. Fund's office towers in San Francisco. We took advantage of a strong office sale market in San Francisco and commanded high sales prices for the disposals. However, as completion of the disposals occurred after the end of June 2016, the financial items related to these transactions will only be included in the Group's results for the second half of the year.

The Group's core operating income increased by 14.7% to HK\$1,142.2 million for the first half of 2016 (1H 2015: HK\$995.7 million) attributable mainly to a 17.2% year-on-year growth in distribution income from Champion REIT, which was attributable to the higher distribution per unit declared by the REIT and our increased holdings in the REIT. Furthermore, management fee income received from the REIT, which comprised of leasing commission income and asset management fee, rose by 23.5%. EBITDA of the Hotels Division rose by 19.2%, primarily due to the improved revenue and significant EBITDA margin expansion of the North American hotels. There was also a 7.5% increase in distribution income from LHI as we have increased our holdings in LHI, although LHI declared only a flat distribution per share stapled unit for the first half of 2016.

Administration and other expenses increased by 18.6% to HK\$193.9 million for the first half of 2016 (1H 2015: HK\$163.5 million), mostly attributable to the increased headcount mainly for the Project Management and Development as the Group has

invested in more development projects. Other expenses also included a charge amounting to HK\$17.0 million in relation to the roll-over of certain hedging contracts for Japanese Yen which had appreciated significantly since the contracts were entered into in early 2016. We had entered into these contracts in preparation for payments for the Tokyo hotel project.

As compared with the first half of last year, when a majority of the Group's interest income was derived from Renminbi deposits which commanded deposit rates of over 3% per annum, the Group's interest income fell by 77.3% to HK\$31.2 million (1H 2015: HK\$137.7 million) for the first half of 2016, as the Group had converted its Renminbi deposits into Hong Kong dollars, which bore minimal deposit rates but the effect of marked depreciation of the Renminbi had been avoided. Furthermore, due to the poor performance of financial markets, realised gains booked on securities, which was included in other income, have reduced to HK\$6.0 million (1H 2015: HK\$54 million) for the first half period, these have led to a decline in the Group's core profit.

Interest expenses dropped by 27.6% to HK\$67.4 million for the first half of 2016 (1H 2015: HK\$93.1 million) as the Group repaid a loan with relatively high interest rate in the second half of last year. There were also interest expense savings from some of the debts which have been refinanced at lower interest rates during the past twelve months.

Share of results of joint ventures for the first half of 2016 comprised of returns on our 50% interest in the Dalian project and a US\$13 million investment, which implied an effective 25% equity interest, in a residential development project in Miami, USA. As both of these projects are at the early stage of the pre-sales process, total losses of HK\$22.1 million were recorded during the first half of 2016 which were primarily marketing and administrative expenses incurred.

All-in-all, core profit after tax dropped by 5.9% year-on-year to HK\$790.1 million in the first half of 2016 (1H 2015: HK\$839.7 million), and profit attributable to equity holders dropped by 6.0% year-on-year to HK\$787.4 million for the first half of 2016 (1H 2015: HK\$838.1 million).

HOTELS DIVISION

Hotels Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (local currency)		RevPAR (local currency)	
	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015	1H 2016	1H 2015
The Langham, Hong Kong	498	472	84.2%	81.8%	2,078	2,204	1,749	1,802
Cordis, Hong Kong	650	619	85.4%	88.2%	1,610	1,725	1,374	1,522
Eaton, Hong Kong	465	465	92.2%	86.2%	963	1,097	888	946
The Langham, London	266	344	81.8%	77.3%	274	261	224	202
The Langham, Melbourne	388	388	86.5%	86.6%	299	304	259	263
The Langham, Auckland	409	409	90.1%	84.0%	205	191	185	161
The Langham, Sydney	81	89	66.3%	55.4%	436	404	289	224
The Langham, Boston	318	318	76.8%	82.0%	278	258	214	212
The Langham Huntington, Pasadena	380	380	74.5%	75.2%	279	256	208	192
The Langham, Chicago	316	316	63.8%	65.1%	355	332	226	216
Chelsea Hotel, Toronto	1,590	1,590	70.5%	61.2%	141	132	99	80
Langham Place, Fifth Avenue, New York	214	214	63.7%	74.5%	497	506	317	377
The Langham, Xintiandi, Shanghai	357	357	69.9%	69.4%	1,768	1,776	1,237	1,233

	Six months ended 30 June		
	2016 HK\$ Million	2015 HK\$ Million	Change
Hotel Revenue			
Overseas Hotels – Europe	202.7	236.0	– 14.1%
– North America	910.2	861.8	5.6%
– Australia/New Zealand	359.7	364.7	– 1.4%
– China	163.7	170.3	– 3.9%
Others (including hotel management income)	72.3	69.4	4.2%
Total Hotel Revenue	1,708.6	1,702.2	0.4%
Hotel EBITDA			
Overseas Hotels – Europe	25.6	35.9	– 28.7%
– North America	78.7	37.6	109.3%
– Australia/New Zealand	55.9	47.8	16.9%
– China	45.7	48.0	– 4.8%
Others (including hotel management income)	30.0	28.6	4.9%
Total Hotel EBITDA	235.9	197.9	19.2%

Despite the increase in revenue for the hotels in North America, such increase was mostly offset by the lowered hotel revenue in other regions. Total revenue of the Hotels Division rose by only 0.4% to HK\$1,708.6 million for the first half of 2016. Nonetheless, EBITDA of the Hotels Division grew by 19.2% to HK\$235.9 million, which was primarily driven by improved revenue and significant EBITDA margin expansion of The Langham, Chicago and the Chelsea Hotel, whereas The Langham, Sydney had turned to a small profit from a large loss last year when the hotel was under renovation. It should be noted that the hotel in downtown Washington, D.C., USA is still undergoing renovation and will continue to be closed throughout 2016.

In North America, the Langham Place, Fifth Avenue hotel in New York was the only hotel of the Group that suffered a decline in revenue during the first half period, which was attributable to the negative impact of the renovation works and challenging market conditions in New York. Nonetheless, all other hotels in North America have witnessed revenue growth during the first half period. While total revenue of the hotels in North America increased by 5.6% in the first half of 2016, the growth in EBITDA was much higher at 109.3% for the period. The growth in EBITDA was led by a significant improvement in EBITDA margin at The Langham, Chicago, due to its operations continued to ramp up as a relatively new hotel, and margin expansion of the Chelsea hotel in Toronto, where its EBITDA margin recovered from a low level of occupancy during the renovation works in the first half of last year.

Supported by the improved performance of The Langham, Auckland and The Langham, Sydney, hotels in Australasia achieved an overall growth in revenue in local currency terms. However, as there was a 6% to 8% depreciation in the average exchange rate of the Australian and New Zealand dollar, the growth in

revenue in local currency terms had been translated into a small decline in revenue in Hong Kong dollar terms. A strong growth in EBITDA of the hotels in Australasia was attributable to the turnaround of The Langham, Sydney, which recorded a small profit in the first half of 2016 as compared to a large loss incurred during the same period last year when major renovation works were being done.

Performance of The Langham, London in local currency terms has been negatively impacted by its renovation works. The decline in revenue and EBITDA of the hotel was further exacerbated by the adverse currency translation, given a 5.7% depreciation in the average exchange rate of the British pound in the first half of 2016. Performance of The Langham, Xintiandi in Shanghai remained stable in the first half of 2016, but revenue and EBITDA of the hotel declined in Hong Kong dollar terms, as the average exchange rate of the Renminbi experienced a depreciation of 4.7% in the first half of 2016.

EBITDA of the Hotels Division also included hotel management fee income from pure managed hotels and any surplus or shortfall incurred by the Group as the lessee of LHI's hotels, which are included under the "others" breakdown of the Hotels Division's EBITDA. While there was an increase in hotel management fee income for the first half of 2016 due to operations of the newly added managed hotels ramped up, the increase was partially offset by slightly increased shortfall incurred as the lessee of LHI.

Note that after the spinoff of the Hong Kong hotels, the financial returns on the Group's equity stake in the three hotels in Hong Kong were reflected through our investment in LHI, under the section "Investment in LHI". Performances of the Hong Kong hotels below were extracted from the 2016 interim results announcement of LHI relating to the performance of the trust group's properties.

HONG KONG HOTELS

The Langham, Hong Kong

The hotel benefitted from keen demand for its renovated rooms and witnessed growth of arrivals from most geographical regions, especially China. The hotel only saw decline in arrivals from Europe, which was not a major contributor to the hotel's overall room demand. However, Average Room Rate had dropped due to subdued overall market condition. Food and beverage ("F&B") revenue for the hotel rose by 1.6% as compared with the restated F&B revenue for the first half of 2015. The increase was driven by growth in business from T'ang Court, which has received the prestigious Michelin three-star rating for this year, and the growth at this restaurant had more than offset the lower F&B revenue from banqueting business.

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

At the hotel, business was negatively impacted during the Chinese New Year when there were violent breakouts in Mongkok, and RevPAR for the hotel dropped by 18% year-on-year during February and March 2016. Nonetheless, demand for rooms recovered and the hotel witnessed growth in arrivals across most major markets since April 2016. Arrivals from China were a major contributor to the overall growth in room demand in the second quarter of 2016. Overall for the first half of 2016, RevPAR was significantly lower. Despite a lack of revenue contribution from the Tokoro space that had been converted to office use last year, revenue from F&B still rose 3.2% year-on-year for the first six months of 2016. The increase was largely due to improved business at the all day dining restaurant, which underwent renovation and was closed for two months in the first half of last year.

Eaton, Hong Kong

The hotel faced severe room rate competition from other hotels which relied heavily on arrivals from China. Accordingly, the hotel shifted its focus to arrivals from other geographical regions in the first half of 2016. Hence, while there was a drop in arrivals from the China market during the first half, increases in arrivals from other Asian countries, Australia and Europe had more than offset the decline in arrivals from China. Overall, the markedly lower Room Rate brought down RevPAR significantly. Revenue from F&B dropped by 7.3% year-on-year in the first six months of 2016 as a result of reduced business in the restaurants and a drop in banqueting business.

OVERSEAS HOTELS

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

EUROPE

The Langham, London

Disruptions from the ongoing renovation at the hotel has resulted in a lower room revenue for the first half of 2016. The renovation of 109 rooms started in November 2015 is scheduled to complete in the third quarter 2016. Meanwhile, the average room rate achieved by the hotel during the first half period has increased as the hotel accommodated more high yielding retail leisure travellers. Revenue from F&B fell slightly in the first half of 2016, given a decline in revenue in the restaurants.

NORTH AMERICA

The Langham, Boston

Given the steady demand in the city in the first half of 2016, the hotel strategically targeted at high yielding retail leisure and corporate travellers during the period. This helped the hotel to deliver an 8% increase in average room rate during the first half of 2016. Revenue from F&B was slightly behind the same period last year, which was due to a combination of slower pickup in catering demand and softer restaurant business.

The Langham Huntington, Pasadena

The hotel witnessed a strong return in demand from high yielding corporate group business during the first half of 2016, which was relatively low for the same period last year. Therefore, the hotel strategically targeted room rates growth during the first half of 2016, which rose by 9% during the period. Revenue from F&B grew by 23% year-on-year during the first half of 2016, which was driven by increased catering business in corporate meetings and conferences.

The Langham, Chicago

After receiving multiple prestigious accolades in the lodging industry stemming from its luxurious product and services, the hotel has firmly established itself as one of the most luxurious hotel in Chicago. This has helped the hotel to gain market share and increase its average room rate, which rose by 7% during the first half period. Revenue from F&B rose by 11% year-on-year during the first half of 2016, which was driven by increased catering business.

Langham Place, Fifth Avenue, New York

In addition to the challenging operating conditions in New York, the performance of the hotel was also impacted by the room renovation that commenced in January 2016. Competition from Airbnb in New York had been quite significant. As a result, both average room rate and occupancy declined during the first half of 2016. Revenue from F&B for the hotel declined by 3% in the first half of 2016, driven by lower revenue in the bar which was closed in April 2016. However, there was some growth in revenue from catering business, as the banquet facilities were undergoing renovation from the end of May to November last year.

Chelsea Hotel, Toronto

The hotel benefitted from strong demand as there were several large citywide events in the first half of 2016. This allowed the hotel to deliver a growth in average room rate of 7% in the first half period. Room revenue demonstrated a strong growth as well, as it had more available rooms following the completion of the room renovation in 2015. Revenue from F&B rose by 7% driven by stronger banqueting business and increased revenue from the restaurants.

AUSTRALIA/NEW ZEALAND

The Langham, Melbourne

As compared with the first half of last year, when there were several high profile events in the city, demand for hotel rooms dropped in the first half of this year, given the absence of similar scale events. As a result, there was a drop in average room rate for the hotel in the first half of 2016. Revenue from F&B also declined as both catering and restaurants business dropped.

The Langham, Sydney

Since the hotel reopened in December 2014 after it was closed for a major renovation, business at the hotel continued to ramp up and there was an improvement in both occupancy and average room rate during the first half of 2016. The increase in demand was supported by retail and corporate group segments. Revenue from F&B increased by 11% in the first half of 2016 with improved business in the catering segment.

The Langham, Auckland

Given a strong hotel market in Auckland, the hotel benefitted from an increase in demand from travellers of both retail and corporate segments. As a result, the hotel achieved higher occupancy and average room rate for the first half of 2016. Revenue from F&B rose by 20% in the first half 2016, which was driven by increase in revenue in both restaurants and banquet business. Note that the function room for banqueting business was closed for renovation in the first quarter of last year.

CHINA

The Langham, Xintiandi, Shanghai

While demand from the group segment was slow during the first half of 2016, the hotel focused on demand from the retail leisure business, which helped offset the slower group business. Hence, the hotel managed to deliver steady performance in the first half of 2016. Revenue from F&B rose by 1.4% year-on-year during the first half period, which was driven by improved business in the restaurants while business from the catering segment was stable.

HOTEL MANAGEMENT BUSINESS

As at the end of June 2016, there are seven hotels with approximately 2,200 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 hotel in Haikou with 249 rooms.

DEVELOPMENT PROJECTS

HONG KONG AND CHINA

Pak Shek Kok Residential Development Project

In May 2014, the Group successfully won the tender of a 208,820 sq. ft. prime residential site in Pak Shek Kok, Tai Po, Hong Kong. Based on a total permissible gross floor area of 730,870 sq. ft. and HK\$2,412 million paid for the site, this translated to a price of HK\$3,300 per sq. ft., and it was the lowest price paid on a per sq. ft. basis for a residential site in the vicinity. The site commands spectacularly unobstructed sea views over Tolo Harbour and has been earmarked for a luxury residential development with 700 to 800 residential units. Foundation works are currently in progress and superstructure works are expected to start in mid-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 1,200 high-end apartments and a luxury hotel with approximately 360 rooms. The Group has an equity interest in the project and acts as the project manager. The Group's share of net asset value in the project, including an additional HK\$245 million invested in the preferred shares of the project with a fixed rate of return in the first half of 2016, was HK\$752 million as at the end of June 2016.

The project is developed in two phases: Phase I comprises approximately 800 apartments and Phase II comprises the remaining apartments and the hotel. Phase I will be completed and handed over by stage from the third quarter of 2016 onwards, a slight delay from the original plan of the second quarter of 2016. Phase II development is scheduled to commence in 2018. Up to the end of June 2016, 220 apartments of the Phase I development had been pre-sold and will be handed over to buyers starting from the third quarter of 2016. Accumulated sales proceeds reached approximately RMB500 million up to the end of June 2016, or an average price of RMB17,600 per sq. m.

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 higher than projected construction costs due to difficult construction management conditions, this project will not likely generate much profit.

Hotel Development Project in Shanghai, China

The HUB hotel is directly connected to Shanghai's Hongqiao transportation hub and is situated within The HUB project, which comprises offices, retail malls and F&B outlets built by another developer. The Group completed the acquisition of the HUB hotel in bare shell condition in 2015 and took possession of the hotel in May 2015. Fit-out works have started since May 2015, and the hotel under the Cordis brand with approximately 400 rooms is targeted to open in the first quarter of 2017.

JAPAN

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 original closing date of this acquisition was scheduled in late December 2015, but it was subsequently extended to June 2016 as requested by the seller. The site with an estimated total building area of about 36,000 sq. m. is located in close proximity to the landmark Roppongi Hills Midtown, and construction on the site is expected to start in 2017. World renowned architect, Kengo Kuma & Associates has been commissioned to design this flagship Langham Place Hotel in Central Tokyo. Total investment cost, including the sum of JPY22.2 billion to be paid for the site, is expected to be approximately JPY48 billion and will be mostly funded by bank loans with a low interest rate.

UNITED STATES

Hotel Development Project in Washington D.C., USA

The Group acquired a 265-key hotel in Washington, D.C., USA in July 2014, for US\$72 million. The hotel is located in the heart of downtown Washington in the proximity of the White House. The hotel has been closed since 15 December 2014 for a major renovation and will reopen as a brand new 260-key "Eaton" hotel. The Eaton brand is the Group's revamped lifestyle brand that focuses on younger and more socially oriented travellers. Currently, the development team is working on the mock-up for the guest rooms. Once the layout and design for the guest rooms have been confirmed, refurbishment and fit-out works will follow. The hotel is expected to open in the fall of 2017.

San Francisco Hotel Development Project, 1125 Market Street

The Group acquired a site in San Francisco for US\$19.8 million 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 numerous cultural venues nearby. 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. It is planned to be developed as a 150-key hotel, construction of the project will start after development right of the hotel is approved by the city's planning department in 2017. The famous AvroKO group has been commissioned as the interior designer for this iconic Eaton hotel project. At current, we expect development approval will be granted in the latter part of 2016, and hence, opening of the hotel is still 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 430,000 sq. ft. for US\$45.6 million in April 2015. The project is expected to comprise a 257-key luxury Langham Place hotel and approximately 100,000 net sq. ft. of for-sale condominiums. The world renowned international architect, Renzo Piano Building Workshop, has been commissioned to design this prestigious project. Construction of the project will start once the development is approved by the city's planning department, which is expected to be in 2018/2019.

INCOME FROM CHAMPION REIT

The Group's core profit is based on the attributable distribution income from Champion REIT in respect of the same financial period. On that basis, total income from Champion REIT in the first half of 2016 increased by 19.1% year-on-year to HK\$571.7 million. Distribution income rose 17.2% year-on-year to HK\$398.4 million as the REIT declared higher distribution per unit and our holdings in the REIT has been increased. Given an increase in net property income of Champion REIT, together with higher agency leasing commission income in the first half of 2016, overall management fee income from Champion REIT increased by 23.5% to HK\$173.3 million in the first half of 2016.

	Six months ended 30 June		Change
	2016 HK\$ Million	2015 HK\$ Million	
Attributable Dividend income	398.4	339.9	17.2%
Management fee income	173.3	140.2	23.6%
Total income from Champion REIT	571.7	480.1	19.1%

The following text was extracted from the 2016 interim results announcement of Champion REIT relating to the performance of the REIT's properties.

Three Garden Road (Renamed from Citibank Plaza)

Occupancy of Three Garden Road office further improved to 95.1% as at 30 June 2016 from 91.2% as at 31 December 2015 and 83.3% as at 30 June 2015. The passing office rent of the property as at 30 June 2016 attained a moderate growth to HK\$76.59 per sq. ft. (based on lettable floor area) as compared with HK\$75.39 per sq. ft. as at 31 December 2015. Three Garden Road achieved a superb rental income growth of 22.2% to HK\$567.0 million for the first half period and net property income recorded a growth of 24.3% to HK\$499.2 million from HK\$401.7 million in 2015.

Langham Place Office Tower

Total rental income from Langham Place Office Tower continued to go up with an increase of 4.5% to HK\$159.2 million recorded for the first half of the year, as compared with HK\$152.3 million for the same period last year. The revenue growth was mainly attributable to positive rental reversion when the office building remained fully occupied. The passing rent has increased to HK\$38.24 per sq. ft. based on gross floor area as at 30 June 2016, from HK\$37.50 per sq. ft. as at 31 December 2015. Net property income went up 2.4% to HK\$144.5 million for the period as compared with HK\$141.2 million for the first half of 2015.

Langham Place Mall

Despite the unfavourable market conditions, the mall closed the first half of 2016 with a 3.2% rental income growth to HK\$396.9 million, compared with HK\$384.6 million last year, thanks to overall positive rental reversion in base rents. Net property income expanded 4.6% to HK\$350.7 million from HK\$335.2 million in 2015. Passing base rents increased moderately by 1.1% to HK\$176.40 per sq. ft. (based on lettable floor area) as at 30 June 2016 from HK\$174.54 per sq. ft. as at 31 December 2015. Though the turnover rent portion was impacted by the fall in sales of tenants, the growth in base rent portion outweighed the decline in turnover rent, hence the overall rental income maintained the growth trajectory in the period under review.

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 the first half of 2016, the distribution income from LHI was steady and

LHI declared a flat distribution per share stapled unit. However, given the Group had increased its holding in LHI during the first half of 2016, our distribution income received from LHI increased by 7.5% to HK\$136.8 million (1H 2015: HK\$127.3 million).

In the first half of 2016, distribution entitlement in respect of our 100 million share stapled units held will be waived, which was the same as that in the first half of 2015. Note the number of distribution waiver units will be reduced 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.

	Six months ended 30 June		
	2016	2015	Change
	HK\$ Million	HK\$ Million	
Attributable Distribution income	136.8	127.3	7.5%

INVESTMENT PROPERTIES

	Six months ended 30 June		
	2016	2015	Change
	HK\$ Million	HK\$ Million	
Gross rental income			
Great Eagle Centre	69.8	71.4	- 2.2%
Eaton Serviced Apartments	24.4	23.4	4.3%
Others	24.8	21.4	15.9%
	119.0	116.2	2.4%
Net rental income			
Great Eagle Centre	68.1	62.6	8.8%
Eaton Serviced Apartments	14.8	14.1	5.0%
Others	4.3	8.9	- 51.7%
	87.2	85.6	1.9%

Great Eagle Centre

In the first half of 2016, there was a modest improvement in both occupancy and average passing rent of the office space at the Great Eagle Centre. As spot rents at the Great Eagle Centre remained at a high level during the first half of 2016, a lack of spot rent growth has limited the growth in average passing rent. Therefore, there was only a 1.9% growth in average passing rent for the leased office space at the Great Eagle Centre, which increased from HK\$64.2 per sq. ft. as of June 2015 to HK\$65.4 per sq. ft. as of June 2016. Occupancy growth was also modest given the number of units available is limited and mostly are small size units. Occupancy rose by 0.7 percentage points to 98.2% as at the end of June 2016.

Performance for the retail space at the Great Eagle Centre was steady for the first half of 2016. However, overall gross rental income for the Great Eagle Centre actually dropped by 2.2% to HK\$69.8 million in the first half of 2016, which was attributable to the absence of rental income after the expiry of a lease for a large signage space in October 2015. Nonetheless, net rental income increased by 8.8% to HK\$68.1 million. The higher growth achieved in net rental income was due to a higher cost base for comparison last year, as increased maintenance capital expenditure was incurred for the building during the first half of 2015.

	As at the end of		
	June 2016	June 2015	Change
Office (on lettable area)			
Occupancy	98.2%	97.5%	+ 0.7 ppt
Average passing rent	HK\$65.4	HK\$64.2	+ 1.9%
Retail (on lettable area)			
Occupancy	99.4%	99.4%	–
Average passing rent	HK\$98.2	HK\$98.2	–

Eaton Serviced Apartments

Overall occupancy of the three serviced apartments rose from 70.4% in the first half of 2015 to 75.3% in the first half of 2016. The increase was driven primarily by an increase in occupancy of the serviced apartment at the Village Road property, whereas scaffolding and facelift works had negatively impacted occupancy for the property last year. Improvement in occupancy at Wanchai Gap Road, which benefitted from increased demand from the corporate segment, also helped boost occupancy of the portfolio during the first half of 2016.

With the recovery in demand for the serviced apartments at Wanchai Gap Road and Village Road properties, average net passing rent for the three serviced apartments increased by 2.3% to HK\$31.2 per sq. ft. on gross floor area in the first half of 2016, as compared with HK\$30.5 per sq. ft. in the first half of 2015. Gross rental income rose by 4.3% year-on-year to HK\$24.4 million in the first half of the 2016, whereas net rental income increased by 5.0% year-on-year to HK\$14.8 million for the first half of 2016.

	Six months ended 30 June		
	2016	2015	Change
(on gross floor area)			
Occupancy	75.3%	70.4%	+ 4.9 ppt
Average net passing rent	HK\$31.2	HK\$30.5	+ 2.3%

U.S. Fund

As part of the Group's effort to expand our asset-light asset management business, the Group has established a U.S. Real Estate Fund in 2014, which targets at office and residential property investments in the United States. As at the end of June 2016, the Group held 49.97% interest in the U.S. Fund and acts as the Fund's key asset manager with an 80% stake in the asset management company, and the remaining interest was held by China Orient Asset Management (International) Holding Limited.

While the financials of the U.S. Fund are consolidated into the Group's financial statements under statutory accounting principles, the Group's core profit is based on distribution received from the U.S. Fund, as well as our share of asset management fee income from the U.S. Fund. The Group's core balance sheet is based on our share of net asset in the U.S. Fund. Since the

establishment of the U.S. Fund, apart from properties transferred by the Group, the U.S. Fund had acquired several projects and updates of which are as follows.

The site located at 1545 Pine Street, San Francisco was acquired for US\$21 million in January 2015. The site is situated in the trendy Polk Street neighbourhood, in proximity to the traditional luxury residential areas of Nob Hill and Pacific Heights. The development with gross floor area of approximately 135,000 sq. ft. will comprise 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. Construction work on the site will start in the third quarter of 2016 after the excavation and fill works are completed. Soft marketing on the sale of this condominium project has begun in the second quarter of 2016, and the project will be officially launched in early 2017.

The acquisition of the residential property in Malibu, California 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. Renovation works has commenced since the second quarter of 2016 after vacant possession of all units had been taken. Soft marketing on the sale of the apartment units has begun in the second quarter of 2016.

The office building in Seattle the U.S. 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-storey 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 building was acquired by the U.S. Fund 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 for the property is to improve the building and to solicit more technology tenants that pay higher rents.

Since the start of 2016, as the asset manager of the U.S. Fund, we had taken advantage of the strong office market in San Francisco and commanded high sale prices for the divestment of the Fund's office towers in San Francisco. 123 Mission was sold for US\$255 million which translated to price per sq. ft. of US\$740 on rentable floor area or a net property income yield of 3.0% on last year's net operating income. 353 Sacramento Street was sold for US\$169.5 million which translated to price per sq. ft. of US\$600 on rentable floor area or a net property income yield of 3.4% on last year's net operating income. 500 Ygnacio was sold for US\$35.9 million which translated to price per sq. ft. of US\$340 on rentable floor area or a net property income yield of 3.4% on last year's net operating income. Total disposal gain, including

distribution and asset management fee from the Fund, attributable to the Group and before tax is approximately US\$110 million.

However, as completions of the above disposals occurred after the end of June 2016, the gain mentioned above for the divestments will be reflected in the Group's result for the second half of 2016. Meanwhile, the Group booked HK\$22 million (1H 2015: HK\$11 million) in asset management fee from the U.S. Fund for the first half of 2016, which was included under "Other Operations" in profit from operations.

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 30 June 2016 was HK\$23,105 million, an increase of HK\$2,648 million compared to that as of 31 December 2015. The increase in reported net borrowings at the balance sheet date was mainly due to payment of a special dividend and a new bank loan for financing the acquisition of a property in Japan.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 30 June 2016 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK\$54,377 million, representing an increase of HK\$44 million compared to the value of HK\$54,333 million as of 31 December 2015. The increase was mainly attributable to profit for the period, increase in share premium from additional shares issued under employee share option scheme and after offsetting by dividends paid out, exchange loss from translating foreign entities and investment revaluation deficit from a drop in invested equity securities during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

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 the consolidated net debts attributable to the Group (i.e. only 62.81%, 61.71% and 49.97% of the net debts of Champion REIT, LHI and the U.S. Fund respectively) and equity attributable to shareholders, the gearing ratio of the Group as at 30 June 2016

was 26.5%. Since the debts of these three subsidiary groups had no recourse to the Group, we consider it is more meaningful to account for the Group's own net debts instead of attributable consolidated net debts against the Group's sharing of net assets of those subsidiaries, and the resulting net position is illustrated below.

Net Debt at 30 June 2016	On Consolidated Basis HK\$ Million	On Core Balance Sheet Basis HK\$ Million
Great Eagle	640	640
Champion REIT	13,879	–
LHI	6,550	–
U.S. Fund	2,036	–
Consolidated Net Debts	23,105	640
Consolidated Net Debts attributable to Shareholders of the Group	14,417	640
Equity Attributable to Shareholders of the Group	54,377	63,123
Net Gearing Ratio [^]	26.5%	1%

[^] Net Debts attributable to Shareholders of the Group/Equity Attributable to Shareholders of the Group.

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

INDEBTEDNESS

Our gross debts (including medium term note) after consolidating Champion REIT, LHI and the U.S. Fund amounted to HK\$28,956 million as of 30 June 2016. Foreign currency gross debts as of 30 June 2016 amounted to the equivalent of HK\$10,513 million, of which the equivalent of HK\$3,367 million or 32% was on fixed-rate basis.

FINANCE COST

The net consolidated finance cost incurred during the period was HK\$329 million. Overall interest cover at the reporting date was 5 times.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 30 June 2016, our cash, bank deposits and undrawn loan facilities amounted to a total of HK\$5,847 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 30 June 2016:

Within 1 year	10.3%
1-2 years	2.4%
3-5 years	74.2%
Over 5 years	13.1%

PLEDGE OF ASSETS

At 30 June 2016, properties of the Group with a total carrying value of approximately HK\$55,338 million (31 December 2015: HK\$64,691 million) and HK dollars deposit of HK\$754 million (31 December 2015: HK\$621 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

At 30 June 2016, 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\$3,558 million (31 December 2015: HK\$1,308 million) of which HK\$535 million (31 December 2015: HK\$292 million) has been contracted for.

At 30 June 2016, 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 2015: RMB25.8 million) and cash commitment to the China Fund of US\$46 million (equivalent to HK\$357 million) (31 December 2015: US\$46 million).

At 30 June 2016, the Group has outstanding commitments for the acquisition of a hotel development project located at Minhang District, Shanghai, the PRC of RMB193 million (equivalent to approximately HK\$230 million) (31 December 2015: RMB193 million).

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

OUTLOOK

There are signs indicating that global economic growth has weakened further, as gross domestic product growth forecasts for the world's major economies have been revised downward by rating agencies over the past months. Adding potential disruptions caused by the U.K. leaving the European Union and rising global political instability since June 2016, global economic recovery is set to move on a very slow path.

Nonetheless, major central banks have already acknowledged the risk of further economic slowdown, and their officials have all hinted on accommodative or more easing monetary policies. At the same time, the comparatively strong US economy might allow US interest rate to be increased. While these policies are in general supportive of the global economy, the risk of further economic slowdown cannot be underestimated. Further uncertainty in geopolitical event might also pose volatility in the world market. Therefore, we must stay exceptionally vigilant and be ready to respond to any slowdown in our business.

As for the three hotels in Hong Kong owned by LHI, there are signs indicating that Hong Kong's RevPAR is close to bottoming out as the rate of RevPAR decline narrowed markedly in the first half of 2016 as compared with that witnessed in the first and second half of 2015.

For the Group's overseas hotels, before the impact of currency movements, their performance in the second half of 2016 will still be uneven, partly because of the effects of the renovations and the slowdown of the global economy that will have varying degree of impact on different markets in which we operate.

Steady result is expected for Champion REIT as major leases committed in 2015 will have a full-year impact this year. While the base rent of Langham Place Mall should maintain a slight growth in 2016, the sustainability may be at risk next year in view of the uncertainties and difficulties in the retail market and the general economy.

Upon completion of the disposal of office properties in San Francisco under the U.S. Fund in the second half of the year, the Group's results for the second half of 2016 will also be lifted by a gain from the disposal.

With regard to acquisitions, we are taking on a prudent stance in expanding our asset base, given the potential of increasing downside risks of the global asset prices, as global volatilities have increased significantly in recent months. Nonetheless, we are still well placed to pursue acquisitions, as we have a strong balance sheet and recurring operating cash flow from our distribution based subsidiaries.

Lo Ka Shui

Chairman and Managing Director

Hong Kong, 17 August 2016

DIRECTORS' BIOGRAPHICAL INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, the information of Directors of the Company subsequent to the date of the 2015 Annual Report of the Company are updated as follows:

Dr. LO Ka Shui

Chairman and Managing Director

Dr. LO Ka Shui, aged 69, has been a member of the Board since 1980. He is the Chairman, Managing Director of the Company, the Chairman of the Finance Committee and is also a director of various subsidiaries of the Company. He is the Chairman and a Non-executive Director of the Manager of the publicly listed trusts, Champion Real Estate Investment Trust and Langham Hospitality Investments. Dr. Lo is an Independent Non-executive Director of City e-Solutions Limited which is listed on the Main Board of the Stock Exchange. He was an Independent Non-executive Director of China Mobile Limited, Shanghai Industrial Holdings Limited and Phoenix Satellite Television Holdings Limited. He is also a Vice President of the Real Estate Developers Association of Hong Kong, a Trustee of the Hong Kong Centre for Economic Research, a Vice Chairman of The Chamber of Hong Kong Listed Companies and a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority. Dr. Lo graduated from McGill University with a Bachelor of Science Degree and from Cornell University with a Doctor of Medicine (M.D.) Degree. He was certified in Internal Medicine and Cardiology. He has over three decades of experience in property and hotel development and investment both in Hong Kong and overseas. Dr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Mr. Lo Kai Shui, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, a younger brother of Mr. Lo Hong Sui, Antony and Madam Law Wai Duen, and the father of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, he is the father of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

Mr. LO Kai Shui

Executive Director and Deputy Managing Director

Mr. LO Kai Shui, aged 56, has been a member of the Board since 1984. He is the Deputy Managing Director, a member of the Finance Committee and a director of various subsidiaries of the Company. Mr. Lo is also a Non-executive Director of the Manager of the publicly listed Champion Real Estate Investment Trust and the founder of Sun Fook Kong Group Limited. He has decades of property development and investment, and building construction experience and has been involved in numerous construction projects both in public and private sectors. Mr. Lo graduated from Columbia University with a Bachelor's Degree in Engineering. He is a son of Madam Lo To Lee Kwan, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, he is an uncle of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

Madam LO TO Lee Kwan

Non-executive Director

Madam LO TO Lee Kwan, aged 96, has been a Director of the Group since 1963. She was an Executive Director of the Company prior to her re-designation as a Non-executive Director of the Company in December 2008. She is the wife of Mr. Lo Ying Shek, the late former chairman of the Company, and is the co-founder of the Group. She actively involved in the early stage development of the Group. She is the mother of Dr. Lo Ka Shui, Mr. Lo Kai Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and the grandma of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, she is the grandma of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

Mr. CHENG Hoi Chuen, Vincent

Independent Non-executive Director

Mr. CHENG Hoi Chuen, Vincent, aged 68, is an Independent Non-executive Director of the Company. He has been a Director of the Group since 1994 and is the Chairman of the Audit Committee and a member of both the Remuneration Committee and the Nomination Committee of the Company. Mr. Cheng is an Independent Non-executive Director of China Minsheng Banking Corp., Ltd., MTR Corporation Limited, Hui Xian Asset Management Limited (Manager of the publicly listed Hui Xian Real Estate Investment Trust), CLP Holdings Limited, Shanghai Industrial Holdings Limited, Wing Tai Properties Limited and CK Hutchison Holdings Limited. He is a former Chairman of The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank (China) Company Limited and HSBC Bank (Taiwan) Company Limited and a former Executive Director of HSBC Holdings plc. Mr. Cheng is also a former Independent Non-executive Director of Hutchison Whampoa Limited, which has been withdrawn from listing on 3 June 2015. Mr. Cheng is a Vice Patron of Community Chest of Hong Kong and a member of the Advisory Committee on Post-service Employment of Civil Servants. In 2008, Mr. Cheng was appointed a member of the National Committee of the 11th Chinese People's Political Consultative Conference ("CPPCC") and a senior adviser to the 11th Beijing Municipal Committee of the CPPCC. He graduated from The Chinese University of Hong Kong with Bachelor of Social Science Degree in Economics and from The University of Auckland with a Master's Degree in Philosophy (Economics).

Professor WONG Yue Chim, Richard

Independent Non-executive Director

Professor WONG Yue Chim, Richard, aged 64, is an Independent Non-executive Director of the Company. He has been a Director of the Group since 1995 and is the Chairman of the Nomination Committee and a member of both the Audit Committee and the Remuneration Committee of the Company. Professor Wong is Chair of Economics at The University of Hong Kong. He is a leading figure in advancing economic research on policy issues in Hong Kong through his work as Founding Director of the Hong Kong Centre for Economic Research and the Hong Kong Institute of Economics and Business Strategy. He was awarded the Silver Bauhinia Star in 1999 in recognition of his contributions in education, housing, industry and technology development and was appointed a Justice of the Peace in 2000 by the Government of the Hong Kong Special Administrative Region. He is a member of Research Council of Our Hong Kong Foundation. Professor Wong is an Independent Non-executive Director of Orient Overseas (International) Limited, Pacific Century Premium Developments Limited, and Sun Hung Kai Properties Limited, all of which are companies whose shares are listed on the Stock Exchange. Professor Wong is also an Independent Non-executive Director of Link Asset Management Limited (Manager of the publicly listed Link Real Estate Investment Trust). He is a former Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc.

Mrs. LEE Pui Ling, Angelina

Independent Non-executive Director

Mrs. LEE Pui Ling, Angelina, aged 67, was appointed as an Independent Non-executive Director of the Company in 2002 and is the Chairman of the Remuneration Committee and a member of both the Audit Committee and Nomination Committee of the Company. She is a practicing solicitor in Hong Kong and a partner of the firm of solicitors, Woo, Kwan, Lee & Lo. She is also a Non-executive Director of Cheung Kong Infrastructure Holdings Limited, Henderson Land Development Company Limited and TOM Group Limited. She is active in public service and is a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Member of the Takeovers and Mergers Panel of the Securities and Futures Commission. She has a Bachelor of Laws Degree from University College London, United Kingdom and is a Fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants.

Mr. LEE Siu Kwong, Ambrose

Independent Non-executive Director

Mr. LEE Siu Kwong, Ambrose, aged 68, was appointed as an Independent Non-executive Director of the Company in January 2016 and is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is currently an independent non-executive director of HSBC Bank (China) Company Limited and a non-executive director of Digital Broadcasting Corporation Hong Kong Limited. Mr. Lee had served with the Hong Kong Government for 38 years and retired from it in 2012. He joined the Hong Kong Government as an Immigration Officer in 1974. He advanced through the ranks and in 1998, took charge of the Department as Director of Immigration. In 2002, Mr. Lee was appointed as Commissioner of the Independent Commission Against Corruption and one year later, he was appointed as Secretary for Security of the HKSAR Government. Throughout his years of service,

Mr. Lee developed ample experience in government administration, executive management, law enforcement and crisis management. Mr. Lee is a Hong Kong deputy to the 12th National People's Congress and a Vice Chairman of the Council of Lifeline Express Hong Kong Foundation. He was awarded the Gold Bauhinia Star in 2009 and the Hong Kong Immigration Service Medal for Distinguished Service in 1998. Mr. Lee graduated from The University of Hong Kong with a Bachelor Degree of Science in Electrical Engineering and had also pursued administrative development and senior executive studies at Tsinghua University, University of Oxford, Harvard University and INSEAD.

Professor POON Ka Yeung, Larry

Independent Non-executive Director

Professor POON Ka Yeung, Larry, aged 48, was appointed as an Independent Non-executive Director of the Company in March 2016. He has been teaching marketing-related subjects for the Master's Degree in Science program, MBA program and Global Executive MBA program (OneMBA) of The Chinese University of Hong Kong. Since June 2008, he has been appointed as Adjunct Associate Professor in the Department of Marketing of The Chinese University of Hong Kong. Professor Poon is an independent non-executive director of Shenzhen Neptunus Interlong Bio-Technique Company Limited. He has been appointed as an Honorary Institute Fellow of The Asia-Pacific Institute of Business of The Chinese University of Hong Kong since April 2002. He is also the Adviser of The Chinese Gold and Silver Exchange Society and an Independent Committee Member of the Registration Committee for the Practitioners' Registration Scheme of the Society. He obtained his Bachelor's Degree in Mathematics with Minor in Economics and Marketing from The Chinese University of Hong Kong in 1989 and was further admitted to the MBA Degree by the University of Hull, United Kingdom in 1996.

Mr. LO Hong Sui, Antony

Executive Director

Mr. LO Hong Sui, Antony, aged 74, is an Executive Director and a director of various subsidiaries of the Company. He has been a Director of the Group since 1967. Mr. Lo has been actively involved in property development, construction and investment for decades. He graduated from the University of New South Wales with a Bachelor's Degree in Commerce. Mr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Dr. Lo Ka Shui, Mr. Lo Kai Shui, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, a younger brother of Madam Law Wai Duen, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, he is an uncle of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

Madam LAW Wai Duen

Executive Director

Madam LAW Wai Duen, aged 79, is an Executive Director and a director of certain subsidiaries of the Company. She has been a Director of the Group since 1963. Madam Law graduated from The University of Hong Kong with a Bachelor's Degree in Arts and has been actively involved in the Group's property development and investment in Hong Kong for decades. Madam Law is a daughter of Madam Lo To Lee Kwan, an elder sister of Dr. Lo Ka Shui, Mr. Lo Kai Shui, Mr. Lo Hong Sui, Antony, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and an aunt of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, she is an aunt of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

Mr. LO Hong Sui, Vincent

Non-executive Director

Mr. LO Hong Sui, Vincent, aged 68, has been a Director of the Group since 1970. He was an Executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in December 2008. He is also the Chairman of the Shui On Group which he founded in 1971. The Shui On

Group is principally engaged in property development, construction and construction materials with interests in Hong Kong and the Chinese Mainland. He is the Chairman of SOCAM Development Limited and Shui On Land Limited, both are listed on the Stock Exchange. He is also a Non-executive Director of Hang Seng Bank Limited. Mr. Lo is a member of the Twelfth National Committee of the Chinese People's Political Consultative Conference, the Chairman of the Hong Kong Trade Development Council, the President of the Council for the Promotion & Development of Yangtze, an Economic Adviser of the Chongqing Municipal Government, a Vice Chairman of the Chamber of International Commerce Shanghai, the Honorary Life President of the Business and Professionals Federation of Hong Kong, an Honorary Court Chairman of The Hong Kong University of Science and Technology. He was awarded the Gold Bauhinia Star in 1998 and was appointed a Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region. Mr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Mr. Lo Kai Shui and Dr. Lo Ying Sui, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony and Madam Law Wai Duen, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, he is an uncle of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

Dr. LO Ying Sui

Non-executive Director

Dr. LO Ying Sui, aged 64, has been a Director of the Group since 1993. He was an Executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in December 2008. With a Doctor of Medicine Degree from the University of Chicago, he is a specialist in Cardiology and a Clinical Associate Professor (honorary) at The Chinese University of Hong Kong Faculty of Medicine. He is a son of Madam Lo To Lee Kwan, an elder brother of Mr. Lo Kai Shui, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen and Mr. Lo Hong Sui, Vincent, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, he is an uncle of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

Mr. LO Chun Him, Alexander

Executive Director

Mr. LO Chun Him, Alexander, aged 31, joined the Group in 2010 and was appointed as an Executive Director of the Company in December 2015. Mr. Lo holds directorships in various subsidiaries of the Company, including The Great Eagle Company, Limited, Great Eagle (China) Limited, The Great Eagle Development and Project Management Limited, Eagle Property Management (CP) Limited, Langham Hotels International Limited and Pacific Eagle China Orient (Cayman) Real Estate GP, Ltd. He is also the alternate to Ms. Lo Bo Lun, Katherine as non-executive director of Langham Hospitality Investments Limited and LHIL Manager Limited (Manager of the publicly listed Langham Hospitality Investment). Prior to joining the Group, he had worked at Citibank's investment banking division with a focus on Hong Kong's market. Mr. Lo is also a member of the Executive Committee of The Real Estate Developers Association of Hong Kong and a member of the Management Committee of The Federation of Hong Kong Hotel Owners Limited. He graduated from Washington University in St. Louis with a Bachelor of Arts in Psychology. Mr. Lo is a son of Dr. Lo Ka Shui, being a substantial shareholder, the Chairman and Managing Director of the Company. Also, he is a grandson of Madam Lo To Lee Kwan, a nephew of Mr. Lo Kai Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, and a younger brother of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

Mr. KAN Tak Kwong

Executive Director and General Manager

Mr. KAN Tak Kwong, aged 64, has been a Director of the Group since 1988. He is an Executive Director, the General Manager and a member of the Finance Committee of the Company. Mr. Kan also holds directorships in various principal subsidiaries of the Company, including The Great Eagle Company, Limited, Great Eagle (China) Investment Limited, The Great Eagle Properties Management Company, Limited, Great Eagle Tokyo TMK, Eagle Property Management (CP) Limited, Langham Hospitality Group Limited, Langham Hotels International Limited, Pacific Eagle Holdings Corporation and Pacific Eagle China Orient (Cayman) Real Estate GP, Ltd. He graduated from The Chinese University of Hong Kong with a Master's Degree in Business Administration and is a member of various professional bodies including the Hong Kong Institute of Certified Public Accountants. Mr. Kan has decades of experience in finance, accounting, strategic development and corporate administration in the real estate, finance and construction industries.

Mr. CHU Shik Pui

Executive Director

Mr. CHU Shik Pui, aged 54, joined the Group in 1989 and was appointed as an Executive Director of the Company in December 2015. He is also the Head of Tax and Investment primarily responsible for the Group's taxation, finance and investment matters. Mr. Chu is a fellow of The Chartered Association of Certified Accountants, an associate of The Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He is also a full member of the Society of Registered Financial Planners. Mr. Chu has 30 years' aggregated experience in taxation, finance, accounting, legal, and acquisition and investment.

CORPORATE GOVERNANCE POLICIES AND PRACTICES

The Company is committed to maintaining and developing a high standard of corporate governance practices that are designed to enhance company image, boost Shareholders' confidence, and reduce the risk of fraudulent practices and ultimately serve the long-term interests of our Shareholders. The Board of Directors of the Company will from time to time monitor and review the Company's corporate governance practices in light of the regulatory requirements and the needs of the Company to underpin our engrained value of integrity and accountability. Throughout the period under review, 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 CG Code. Set out below are the details of the deviations from the code provisions and non-fulfillment of Rule 3.10A of 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 Management.

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

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

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

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

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

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

CG Code Provision A.6.5 requires that all directors should participate in continuous professional development to develop and refresh their knowledge and skills

Madam Lo To Lee Kwan, a Non-executive Director of the Company, is the co-founder of the Group. She was 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 2016 Director Development Program provided by the Company.

The Board of Directors assumes responsibility for leadership and control of the Group, and is collectively responsible for promoting the success of the Company. It plays a central supportive and supervisory role in the Company's corporate governance duties. The governance framework of the Company is constituted by the Statement of Corporate Governance Practice of the Company which is reviewed from time to time in light of the latest statutory requirements and governance practice. The Statement serves as an ongoing guidance for the Directors in performing and fulfilling their respective roles and obligations to the Company. The Board is also responsible for overseeing the management and operation of the Group and is ultimately accountable for the Group's activities, strategies and financial performance. The Company has put in place a comprehensive set of compliance policies and procedures, which set out the key processes, systems and measures to implement this corporate governance framework, including:

- Schedule of Matters Reserved for the Board of Directors
- Code of Conduct regarding Securities Transactions by Directors and Relevant Employees
- Policy on the Preservation and Prevention of Misuse of Inside Information
- Reporting and Monitoring Policy on Connected Transactions
- Shareholders' Communication Policy
- Employee's Code of Conduct

The Board is responsible for reviewing overall corporate governance arrangements to ensure that such arrangements remain appropriate to the needs of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Our CSR vision “Create Value, Improve Quality of Life” is based on our belief that CSR will create long-term value for our customers, partners, investors, employees and community, and improve the quality of life in our workplace as well as the local community and the world at large. Our continuous efforts in CSR are reflected in being selected as a constituent member of Hang Seng Corporate Sustainability Benchmark Index since its inception in 2011.

WORKFORCE SUSTAINABILITY

We recognise the importance of workforce sustainability which is about retaining and attracting right people to meet current and future business requirements. We offer competitive salary to the employees and discretionary bonuses are granted based on performance of the Group as well as performance of individual employees. Other employee benefits include educational allowance, insurance, medical scheme and provident fund schemes. Senior employees (including executive directors) are entitled to participate in the Great Eagle Holdings Limited Share Option Scheme. In line with our commitment to corporate social responsibility, staff wellness program (e.g. green workshop, mindfulness class), staff recreational activities as well as community involvement through volunteering projects are provided to employees. As at 30 June 2016, the number of employees of the Group, including our head office management team, and frontline hotel and property management and operation colleagues, was 6,111 (2015: 6,275). There had been no material change to the staff composition for the six months ended 30 June 2016.

We believe that the provision of opportunities for training and development is an important component to attract and retain staff. Ever since 2012, the corporate culture of applying the best practices from “The 7 Habits of Highly Effective People” program and adopting innovative approaches at work has continuously been cultivated. We raise staff awareness through different channels such as training programs, promotional items, forming committee and intranet for staff to express their ideas. Since 2013, the Group has further promoted the innovation culture through establishing an on-line platform of Great Eagle Innovation Portal to facilitate exchange of innovative ideas among staff and Business Units/Departments. Besides, the Group has also developed external and in-house designed training programmes in supervisory, management, soft skills as well as technical skills training. Focusing on talent management through training and development, succession planning and mentoring program further strengthens the Group’s organisational agility. The organisation strategies are sustainable due to staff involvement and management support. Since strategic alignment with the corporate Vision, Mission and Value plays an important role in organisational development, various strategic planning initiatives are organised to ensure business objectives are achieved.

The Hotel Division launched the renewed Vision, Mission, Objectives and Values (VMOV) in 2015 with the aim of articulating a common future picture of the organisation to every colleague. The vision statement “We will be recognised as the leading and visionary hospitality group in the world by offering unique brands for different market segments and building guest loyalty” provides a clear picture to every employee on the direction of Hotel Division, i.e. the expansion of the portfolio as a hotel management company. The Hotel Division also introduces a set of “The Commitments” which outline the purpose of our business existence and provide a sense of meaning to the colleague instead of only a job.

The 5 Key Objectives are well communicated to all colleagues so that everyone are working towards the same targets. They are (1) Increase Guest Loyalty (Guest), (2) Optimise our Profitability (Finance), (3) Increase Colleague Loyalty (Colleague), (4) Provide Reliable and Timely Service while maximise efficiency (Process) and (5) Be a Sustainable Company (Sustainability).

The Hotel Division continues to instill and promote this culture through a certification system “First60 Certification” The objective is to ensure all colleagues are well equipped with knowledge and skills right at the beginning of the first 60 days of the employment. The programme covers the Hotel Division’s vision, mission, commitment, objectives and values; brand knowledge, team building and also the Standard and Operations Procedures of each individual role. Within the system, colleagues attend a 5-module customer service series named “Passion”. “Passion” covers topics across the brands, genuine service and service recovery skill. There are also specific modules, focus at training, colleagues’ service skills that delivering the respective brand’s value proposition (Service with Poise for Langham Hotels and Resort, Heartfelt Service for Cordis Hotels) to increase the guests’ brand loyalty. The leadership module, “Service Leadership”, introduces the Langham’s leadership model and the tools available for our leaders to ensure our service culture sustainable.

In the first six months of 2016, the corporate office senior management team had conducted several leaders briefings in the hotels to elaborate the overall business model, operations model as well as the leadership expectations. It provided opportunities for the hotel management team to understand the company philosophy and expectations directly from the senior corporate management and also exchange ideas on how to make the hotel successful.

A series of colleague engagement programme is introduced, focusing on 4 key stakeholders group: Colleagues, Guest, Investor and World. In 2015, global events covering Colleagues and Green were launched. A group event promoting Guest Focus will be organised in 2016.

Our Hotel Division is continued to be acknowledged as “Manpower Developer 1st.” in the Manpower Developer Scheme by the Employee Retraining Board from 2010 to 2016. Three hotels in Hong Kong are awarded by The Hong Kong Joint Council for People with Disabilities as 18 Districts Caring Employer 2015 and participated to the Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme by Labour and Welfare Bureau.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted its own Code of Conduct for Securities Transactions on terms no less exacting than the required standard set out in the Model Code and the same is updated from time to time in accordance with the Listing Rules requirements.

Having made specific enquiry, all Directors and relevant employees of the Company have confirmed that they have fully complied with the Code of Conduct for Securities Transactions throughout the six months ended 30 June 2016.

REVIEW OF INTERIM RESULTS

The unaudited financial statements for the six months ended 30 June 2016 were prepared in accordance with HKAS 34 “Interim Financial Reporting” issued by the HKICPA, and have been reviewed by Deloitte Touche Tohmatsu, the independent auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

This interim report comprising the unaudited financial statements has been reviewed by the Audit Committee of the Company.

NEW SHARES ISSUED

As at 30 June 2016, the total number of issued shares of the Company was 676,444,835. As compared with the position of 31 December 2015, a total of 11,719,818 new shares were issued during the period. These new shares comprise the following:

- During the period, 3,096,000 new shares were issued pursuant to exercise of share options under the Share Option Scheme of the Company by Directors and employees of the Company or its subsidiaries. Total funds raised therefrom amounted to HK\$80,025,750.
- On 22 June 2016, a total of 8,623,818 new shares at a price of HK\$27.08 per share were issued to the Shareholders who had elected to receive scrip shares under the Scrip Dividend Arrangement in respect of the 2015 final dividend.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company maintains a sufficient public float with more than 25% of the issued shares of the Company being held by the public as at 30 June 2016.

DISCLOSURE OF INTERESTS

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2016, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which

were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, are as follows:

Long positions in shares and underlying shares of the Company

Name of Director	Capacity	Nature of Interests	Number of Ordinary Shares/Underlying Shares Held	Total	Percentage of issued share capital ⁽⁶⁾
Lo Ka Shui	Beneficial Owner	Personal Interests	40,954,435		
	Interests of Controlled Corporations	Corporate Interests	71,713,568 ⁽¹⁾		
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	226,815,595 ⁽²⁾		
	Founder of a Discretionary Trust	Trust Interests	59,218,519		
	Beneficial Owner	Share Options	1,310,000	400,012,117	59.13
Lo Kai Shui	Beneficial Owner	Personal Interests	454,898		
	Interests of Controlled Corporations	Corporate Interests	569,830 ⁽³⁾		
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	226,815,595 ⁽²⁾		
	Beneficial Owner	Share Options	500,000	228,340,323	33.76

DISCLOSURE OF INTERESTS

Name of Director	Capacity	Nature of Interests	Number of Ordinary Shares/Underlying Shares Held	Total	Percentage of issued share capital ⁽⁶⁾
Lo To Lee Kwan	Beneficial Owner	Personal Interests	1,070,709		
	Interests of Controlled Corporations	Corporate Interests	4,966,900 ⁽⁴⁾		
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	226,815,595 ⁽²⁾	232,853,204	34.42
Cheng Hoi Chuen, Vincent	Interests of Spouse	Family Interests	10,000	10,000	0.00
Wong Yue Chim, Richard	Beneficial Owner	Personal Interests	10,000	10,000	0.00
Lo Hong Sui, Antony	Beneficial Owner	Personal Interests	449,068		
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	226,815,595 ⁽²⁾		
	Beneficial Owner	Share Options	500,000	227,764,663	33.67
Law Wai Duen	Beneficial Owner	Personal Interests	1,399,716		
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	226,815,595 ⁽²⁾		
	Beneficial Owner	Share Options	400,000	228,615,311	33.80
Lo Hong Sui, Vincent	Beneficial Owner	Personal Interests	293		
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	226,815,595 ⁽²⁾	226,815,888	33.53

DISCLOSURE OF INTERESTS

Name of Director	Capacity	Nature of Interests	Number of Ordinary Shares/Underlying Shares Held	Total	Percentage of issued share capital ⁽⁶⁾
Lo Ying Sui	Beneficial Owner	Personal Interests	1,500,000		
	Interests of Controlled Corporations	Corporate Interests	35,628,206 ⁽⁵⁾		
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	226,815,595 ⁽²⁾	263,943,801	39.02
Lo Chun Him, Alexander	Beneficial Owner	Share Options	175,000	175,000	0.03
Kan Tak Kwong	Beneficial Owner	Personal Interests	1,871,583		
	Beneficial Owner	Share Options	1,220,000	3,091,583	0.46
Chu Shik Pui	Beneficial Owner	Share Options	600,000	600,000	0.09

Notes:

- (1) These interests were held by certain companies wholly-owned by Dr. Lo Ka Shui who is also a director of these companies.
- (2) These 226,815,595 shares were owned by a discretionary trust of which Dr. Lo Ka Shui, Mr. Lo Kai Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui are among the discretionary beneficiaries.
- (3) These 569,830 shares comprise 369,630 shares held by certain companies wholly-owned by Mr. Lo Kai Shui and 200,200 shares held by a company controlled by him. Mr. Lo Kai Shui is also a director of these companies.
- (4) These 4,966,900 shares were held by certain companies wholly-owned by Madam Lo To Lee Kwan who is also a director of one of these companies.
- (5) These 35,628,206 shares were held by a company wholly-owned by Dr. Lo Ying Sui who is also a director of this company.
- (6) This percentage has been compiled based on 676,444,835 shares of the Company in issue as at 30 June 2016.

Long positions in shares and underlying shares of associated corporations of the Company

Champion Real Estate Investment Trust (“Champion REIT”)

Champion REIT (Stock Code: 2778), a Hong Kong collective investment scheme authorised under

section 104 of SFO, is accounted for as a subsidiary of the Company. As at 30 June 2016, the Group owned 62.81% interests in Champion REIT. While the definition of “associated corporation” under the SFO caters only to corporations, for the purpose of enhancing the transparency, the interests of the Directors or chief executives of the Company in Champion REIT as at 30 June 2016 are disclosed as follows:

Name of Director	Capacity	Nature of Interests	Number of Units/ Underlying Units Held		Percentage of issued units ⁽²⁾
				Total	
Lo Ka Shui	Interests of Controlled Corporations	Corporate Interests	829,000 ⁽¹⁾		
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Trust Interests	17,000,000	17,829,000	0.31
Lo Ying Sui	Beneficial Owner	Personal Interests	239,000	239,000	0.00
Chu Shik Pui	Beneficial Owner	Personal Interests	8,000	8,000	0.00

Notes:

- (1) These 829,000 units were held by certain companies wholly-owned by Dr. Lo Ka Shui who is also a director of these companies.
- (2) This percentage has been compiled based on 5,785,868,874 units of Champion REIT in issue as at 30 June 2016.

Langham Hospitality Investments and Langham Hospitality Investments Limited (“LHI”)

LHI (Stock Code: 1270), the share stapled units (the “SSUs”) of which are listed on the Stock Exchange.

As at 30 June 2016, the Group owned 61.71% interests in LHI and is therefore a subsidiary of the Company. The holdings of the Directors or chief executives of the Company in LHI as at 30 June 2016 are disclosed as follows:

Name of Director	Capacity	Nature of Interests	Number of SSUs/ Underlying SSUs Held	Total	Percentage of issued SSUs ⁽³⁾
Lo Ka Shui	Beneficial Owner	Personal Interests	8,073,500		
	Interests of Controlled Corporations	Corporate Interests	1,000,000 ⁽¹⁾		
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Trust Interests	44,000,000	53,073,500	2.58
Lo To Lee Kwan	Interests of Controlled Corporations	Corporate Interests	306,177 ⁽²⁾	306,177	0.01
Wong Yue Chim, Richard	Beneficial Owner	Personal Interests	150,000	150,000	0.01
Law Wai Duen	Beneficial Owner	Personal Interests	280,000	280,000	0.01
Lo Ying Sui	Beneficial Owner	Personal Interests	320,000	320,000	0.02

Notes:

- (1) These 1,000,000 SSUs were held by a company wholly-owned by Dr. Lo Ka Shui who is also a director of this company.
- (2) These SSUs were held by two companies wholly-owned by Madam Lo To Lee Kwan. Madam Lo To Lee Kwan and Dr. Lo Ka Shui are directors of these companies, and Mr. Lo Kai Shui and Madam Law Wai Duen are directors of one of these companies.
- (3) This percentage has been compiled based on 2,057,152,289 SSUs of LHI in issue as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, none of the Directors or chief executives of the Company were taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company

and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

In accordance with the 2009 Share Option Scheme of the Company, the Board of Directors may grant options to eligible employees, including Executive Directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Details of the movements in the share options granted to the Company's employees (including Directors) under the 2009 Share Option Scheme during the six months ended 30 June 2016 are as follows:

Date of grant ⁽¹⁾	Number of Share Options				Outstanding as at 30/06/2016	Exercisable period	Exercise price per share (HK\$)
	Outstanding as at 01/01/2016	Grant during the period	Exercised during the period	Lapsed during the period			
07/03/2011	1,277,000	–	–	(1,277,000)	–	08/03/2013–07/03/2016	26.18
08/03/2012	2,139,000	–	(1,413,000)	–	726,000	09/03/2014–08/03/2017	23.20
06/06/2013	2,777,000	–	(630,000)	(9,000)	2,138,000	07/06/2015–06/06/2018	31.45
27/02/2014	3,163,000	–	(1,053,000)	(24,000)	2,086,000	28/02/2016–27/02/2019	26.05
17/03/2014	300,000	–	–	–	300,000	18/03/2016–17/03/2019	27.55
11/03/2015	3,830,000	–	–	(42,000)	3,788,000	12/03/2017–11/03/2020	26.88
14/03/2016	–	4,426,000 ⁽²⁾	–	(43,000)	4,383,000	15/03/2018–14/03/2021	25.70
Total	13,486,000	4,426,000	(3,096,000)	(1,395,000)	13,421,000		

Notes:

- (1) Share options were granted under the 2009 Share Option Scheme.
- (2) During the six months ended 30 June 2016, 1,565,000 and 2,861,000 share options were granted to the Directors and employees of the Group respectively.
- (3) During the six months ended 30 June 2016, no share option was cancelled.
- (4) Consideration paid for each grant of share options was HK\$1.00.
- (5) The vesting period for the share options granted is 24 months from the date of grant.
- (6) The closing price of the shares of the Company immediately before the date of grant of 14 March 2016, i.e. 11 March 2016 was HK\$25.55 (According to the price adjustment method released by HKEX in relation to special cash dividend, the closing price was subsequently adjusted to HK\$23.94).

DISCLOSURE OF INTERESTS

On 14 March 2016, 1,565,000 share options of the Company were granted to the following Executive Directors of the Company and according to the Company's share accounting policy, the following

option value in respect of the aforesaid options are accounted for over the vesting period from 15 March 2016 to 14 March 2018 as non-cash emoluments of the respective Executive Directors:

Name of Executive Directors	Number of Options	Option Value* (HK\$)
Lo Ka Shui (<i>Chairman and Managing Director</i>)	655,000	2,023,950
Lo Kai Shui (<i>Deputy Managing Director</i>)	100,000	309,000
Lo Hong Sui, Antony	100,000	309,000
Law Wai Duen	100,000	309,000
Lo Chun Him, Alexander	100,000	309,000
Kan Tak Kwong (<i>General Manager</i>)	310,000	957,900
Chu Shik Pui	200,000	618,000

* Further details of the share options are set out in note 30 to the Condensed Consolidated Financial Statements on page 81 of this interim report.

Details of the movements in the share options granted to Directors of the Company (some are also substantial shareholders) under the 2009 Share Option Scheme

as required to be disclosed according to Rule 17.07 of the Listing Rules during the six months ended 30 June 2016 are as follows:

Directors	Date of grant ⁽¹⁾	Number of Share Options				Outstanding as at 30/06/2016	Exercise price per share (HK\$)	Weighted average closing price immediately before the date of exercise (HK\$)
		Outstanding as at 01/01/2016	Grant during the period	Exercised during the period	Lapsed during the period			
Lo Ka Shui	08/03/2012	628,000	–	628,000	–	–	23.20	27.93
	06/06/2013	630,000	–	630,000	–	–	31.45	27.93
	27/02/2014	630,000	–	630,000	–	–	26.05	27.93
	11/03/2015	655,000	–	–	–	655,000	26.88	–
	14/03/2016	–	655,000	–	–	655,000	25.70	–
			2,543,000	655,000	(1,888,000)	–	1,310,000	
Lo Kai Shui	07/03/2011	100,000	–	–	(100,000)	–	26.18	–
	08/03/2012	100,000	–	–	–	100,000	23.20	–
	06/06/2013	100,000	–	–	–	100,000	31.45	–
	27/02/2014	100,000	–	–	–	100,000	26.05	–
	11/03/2015	100,000	–	–	–	100,000	26.88	–
	14/03/2016	–	100,000	–	–	100,000	25.70	–
		500,000	100,000	–	(100,000)	500,000		

DISCLOSURE OF INTERESTS

Directors	Date of grant ⁽¹⁾	Number of Share Options					Exercise price per share (HK\$)	Weighted average closing price immediately before the date of exercise (HK\$)
		Outstanding as at 01/01/2016	Grant during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30/06/2016		
Lo Hong Sui, Antony	07/03/2011	125,000	-	-	(125,000)	-	26.18	-
	08/03/2012	100,000	-	-	-	100,000	23.20	-
	06/06/2013	100,000	-	-	-	100,000	31.45	-
	27/02/2014	100,000	-	-	-	100,000	26.05	-
	11/03/2015	100,000	-	-	-	100,000	26.88	-
	14/03/2016	-	100,000	-	-	100,000	25.70	-
		525,000	100,000	-	(125,000)	500,000		
Law Wai Duen	07/03/2011	100,000	-	-	(100,000)	-	26.18	-
	08/03/2012	100,000	-	(100,000)	-	-	23.20	27.93
	06/06/2013	100,000	-	-	-	100,000	31.45	-
	27/02/2014	100,000	-	-	-	100,000	26.05	-
	11/03/2015	100,000	-	-	-	100,000	26.88	-
	14/03/2016	-	100,000	-	-	100,000	25.70	-
		500,000	100,000	(100,000)	(100,000)	400,000		
Lo Chun Him, Alexander	06/06/2013	5,000	-	-	-	5,000	31.45	-
	27/02/2014	20,000	-	-	-	20,000	26.05	-
	11/03/2015	50,000	-	-	-	50,000	26.88	-
	14/03/2016	-	100,000	-	-	100,000	25.70	-
		75,000	100,000	-	-	175,000		
Kan Tak Kwong	07/03/2011	300,000	-	-	(300,000)	-	26.18	-
	08/03/2012	300,000	-	(300,000)	-	-	23.20	27.93
	06/06/2013	300,000	-	-	-	300,000	31.45	-
	27/02/2014	300,000	-	-	-	300,000	26.05	-
	11/03/2015	310,000	-	-	-	310,000	26.88	-
	14/03/2016	-	310,000	-	-	310,000	25.70	-
		1,510,000	310,000	(300,000)	(300,000)	1,220,000		

DISCLOSURE OF INTERESTS

Directors	Date of grant ⁽¹⁾	Number of Share Options					Exercise price per share (HK\$)	Weighted average closing price immediately before the date of exercise (HK\$)
		Outstanding as at 01/01/2016	Grant during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30/06/2016		
Chu Shik Pui	07/03/2011	90,000	-	-	(90,000)	-	26.18	-
	08/03/2012	90,000	-	-	-	90,000	23.20	-
	06/06/2013	90,000	-	-	-	90,000	31.45	-
	27/02/2014	100,000	-	-	-	100,000	26.05	-
	11/03/2015	120,000	-	-	-	120,000	26.88	-
	14/03/2016	-	200,000	-	-	200,000	25.70	-
		490,000	200,000	-	(90,000)	600,000		
Employees (other than Directors of the Company)	07/03/2011	562,000	-	-	(562,000)	-	26.18	-
	08/03/2012	821,000	-	(385,000)	-	436,000	23.20	27.93
	06/06/2013	1,452,000	-	-	(9,000)	1,443,000	31.45	-
	27/02/2014	1,813,000	-	(423,000)	(24,000)	1,366,000	26.05	27.93
	17/03/2014	300,000	-	-	-	300,000	27.55	-
	11/03/2015	2,395,000	-	-	(42,000)	2,353,000	26.88	-
	14/03/2016	-	2,861,000	-	(43,000)	2,818,000	25.70	-
		7,343,000	2,861,000	(808,000)	(680,000)	8,716,000		

Notes:

- (1) Share options were granted under the 2009 Share Option Scheme.
 Share options granted on 07/03/2011 are exercisable during the period from 08/03/2013 to 07/03/2016.
 Share options granted on 08/03/2012 are exercisable during the period from 09/03/2014 to 08/03/2017.
 Share options granted on 06/06/2013 are exercisable during the period from 07/06/2015 to 06/06/2018.
 Share options granted on 27/02/2014 are exercisable during the period from 28/02/2016 to 27/02/2019.
 Share options granted on 17/03/2014 are exercisable during the period from 18/03/2016 to 17/03/2019.
 Share options granted on 11/03/2015 are exercisable during the period from 12/03/2017 to 11/03/2020.
 Share options granted on 14/03/2016 are exercisable during the period from 15/03/2018 to 14/03/2021.
- (2) During the six months ended 30 June 2016, no share option was cancelled.
- (3) Consideration paid for each grant of share options was HK\$1.00.
- (4) The vesting period for the share options granted is 24 months from the date of grant.
- (5) The closing price of the shares of the Company immediately before the date of grant of 14 March 2016, i.e. 11 March 2016 was HK\$25.55 (According to the price adjustment method released by HKEX in relation to special cash dividend, the closing price was subsequently adjusted to HK\$23.94).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2016, the interests and short positions of persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which would fall to be disclosed

to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO as having an interest in 5% or more of the issued share capital of the Company are as follows:

Long positions in shares of the Company

Name of Shareholders	Capacity	Nature of Interests	Number of Ordinary Shares/Underlying Shares Held	Total	Percentage of issued share capital ⁽⁶⁾
HSBC International Trustee Limited	Trustee	Trust Interests	284,401,992 ⁽¹⁾	284,401,992	42.04
Powermax Agents Limited ⁽²⁾	Beneficiary	Corporate Interests	168,242,970	168,242,970	24.87
Surewit Finance Limited ⁽³⁾	Beneficiary	Corporate Interests	40,383,636	40,383,636	5.97
Eagle Guardian Limited ⁽⁴⁾	Beneficiary	Corporate Interests	37,216,070	37,216,070	5.50
Adscan Holdings Limited ⁽⁵⁾	Beneficiary	Corporate Interests	35,628,206	35,628,206	5.27

Notes:

- (1) The number of shares disclosed was based on the latest Disclosure of Interest Form (with the date of relevant event as at 31 March 2016) received from HSBC International Trustee Limited ("HITL"). According to the latest disclosures made by the Directors of the Company, as at 30 June 2016:
 - (i) 226,815,595 shares representing 33.53% of the issued share capital of the Company were held in the name of HITL as a trustee of a discretionary trust, of which Dr. Lo Ka Shui, Mr. Lo Kai Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, are among the discretionary beneficiaries.
 - (ii) 59,218,519 shares representing 8.75% of the issued share capital of the Company were held in the name of HITL as a trustee of another discretionary trust, of which Dr. Lo Ka Shui is the founder.
- (2) Powermax Agents Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 168,242,970 shares held by it were among the shares referred to in Note (1)(i) above.
- (3) Surewit Finance Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 40,383,636 shares held by it were among the shares referred to in Note (1)(ii) above. Dr. Lo Ka Shui is a director of this company.
- (4) Eagle Guardian Limited is a company wholly-owned by Dr. Lo Ka Shui, who is also a director of this company.
- (5) Adscan Holdings Limited is a company wholly-owned by Dr. Lo Ying Sui, who is also a director of this company.
- (6) This percentage has been compiled based on 676,444,835 shares of the Company in issue as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, no person (other than Directors or chief executives of the Company whose interests in shares, underlying shares and debentures of the Company are set out on pages 35 to 37) was interested (or deemed to be interested) or held any short position in the shares or

underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



TO THE BOARD OF DIRECTORS OF GREAT EAGLE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Great Eagle Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 46 to 85, which comprise the condensed consolidated statement of financial position as of 30 June 2016 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKAS 34"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

17 August 2016

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	4	4,180,155	3,982,435
Cost of goods and services		(2,355,004)	(2,386,391)
Operating profit before depreciation		1,825,151	1,596,044
Depreciation		(294,989)	(282,038)
Operating profit		1,530,162	1,314,006
Fair value changes on investment properties		1,815,790	1,411,996
Fair value changes on derivative financial instruments		(72,971)	(2,752)
Fair value changes on financial assets at fair value through profit or loss		(14,958)	97
Other income		67,703	231,840
Gain on repurchase of medium term notes		–	2,273
Administrative and other expenses		(210,576)	(246,306)
Finance costs	6	(367,462)	(354,325)
Share of results of associates		48	(3,731)
Share of results of joint ventures		(22,078)	(8,892)
Profit before tax	7	2,725,658	2,344,206
Income taxes	8	(283,697)	(190,414)
Profit for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT		2,441,961	2,153,792
Profit for the period attributable to:			
Owners of the Company		1,492,012	1,465,908
Non-controlling interests		249,267	89,416
Non-controlling unitholders of Champion REIT		1,741,279	1,555,324
		700,682	598,468
		2,441,961	2,153,792
Earnings per share:	10		
Basic		HK\$2.21	HK\$2.21
Diluted		HK\$2.21	HK\$2.20

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	2,441,961	2,153,792
Other comprehensive (expense) income:		
Item that will not be reclassified to profit or loss:		
Surplus on revaluation of an owner occupied property upon change of use to investment property	–	13,657
Items that may be subsequently reclassified to profit or loss:		
Fair value (loss) gain on available-for-sale investments	(61,218)	70,112
Reclassification adjustment upon disposal of available-for-sale investments	(1,166)	(53,966)
Exchange differences arising on translation of foreign operations	(37,820)	(148,654)
Share of other comprehensive income of associates	8,312	17,024
Share of other comprehensive expense of a joint venture	(12,956)	(1,098)
Cash flow hedges:		
Fair value adjustment on cross currency swaps designated as cash flow hedge	82,930	(42,319)
Reclassification of fair value adjustments to profit or loss	(6,206)	(4,181)
	(28,124)	(163,082)
Other comprehensive expense for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	(28,124)	(149,425)
Total comprehensive income for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	2,413,837	2,004,367
Total comprehensive income for the period attributable to:		
Owners of the Company	1,435,351	1,334,303
Non-controlling interests	249,205	89,382
	1,684,556	1,423,685
Non-controlling unitholders of Champion REIT	729,281	580,682
	2,413,837	2,004,367

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	NOTES	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	11	18,709,255	17,155,227
Investment properties	11	72,176,339	73,975,154
Deposit for acquisition of property, plant and equipment	12	–	142,868
Interests in associates	13	74,853	69,164
Interests in joint ventures	14	852,103	533,507
Loan receivables	15	211,613	211,409
Notes receivable	16	252,840	253,514
Available-for-sale investments	17	1,259,071	1,467,334
Derivative financial instruments	25	9,960	–
		93,546,034	93,808,177
Current assets			
Stock of properties	18	3,295,888	3,151,545
Inventories		97,788	127,906
Debtors, deposits and prepayments	19	900,091	868,814
Financial assets at fair value through profit or loss	20	284,810	368,903
Notes receivable	16	–	20,248
Tax recoverable		2,659	11,010
Pledged bank deposits	21	753,946	620,790
Restricted cash		51,092	132,652
Bank balances and cash		5,045,644	6,078,152
		10,431,918	11,380,020
Assets classified as held for sale	22	3,677,529	–
		14,109,447	11,380,020
Current liabilities			
Creditors, deposits and accruals	23	3,214,513	3,176,466
Derivative financial instruments	24	55,395	121
Provision for taxation		231,592	137,760
Distribution payable		235,901	221,933
Borrowings due within one year	26	2,986,525	9,968,284
		6,723,926	13,504,564
Net current assets (liabilities)		7,385,521	(2,124,544)
Total assets less current liabilities		100,931,555	91,683,633

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

		At 30 June 2016	At 31 December 2015
	NOTES	HK\$'000 (unaudited)	HK\$'000 (audited)
Non-current liabilities			
Derivative financial instruments	24, 25	125	70,319
Borrowings due after one year	26	22,141,934	13,581,971
Medium term notes	27	3,614,456	3,609,826
Deferred taxation		1,513,587	1,378,399
		27,270,102	18,640,515
		73,661,453	73,043,118
Equity attributable to:			
Owners of the Company			
Share capital	28	338,222	332,363
Share premium and reserves		54,038,437	54,000,282
		54,376,659	54,332,645
Non-controlling interests		745,968	641,548
		55,122,627	54,974,193
Net assets attributable to non-controlling unitholders of Champion REIT		18,538,826	18,068,925
		73,661,453	73,043,118

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company											Amount attributable to non-controlling unitholders of Champion REIT HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000		
	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Hedging reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000				Sub-total HK\$'000	
	(note a)															
At 1 January 2015	327,904	4,642,970	38,204	23,109	3,054	400,965	(104,886)	53,951	(148)	7,581,732	38,802,823	51,769,678	17,746,512	(138,627)	69,377,563	
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,465,908	1,465,908	598,468	89,416	2,153,792	
Change in fair value of cash flow hedges	-	-	-	-	-	-	-	-	(28,714)	-	-	(28,714)	(17,786)	-	(46,500)	
Fair value gain on available-for-sale investments	-	-	70,112	-	-	-	-	-	-	-	-	70,112	-	-	70,112	
Reclassification adjustment upon disposal of available-for-sale investments	-	-	(53,966)	-	-	-	-	-	-	-	-	(53,966)	-	-	(53,966)	
Exchange differences arising on translation of foreign operations	-	-	183	-	-	-	(148,803)	-	-	-	-	(148,620)	-	(34)	(148,654)	
Surplus on revaluation of an owner occupied property upon change of use to investment property	-	-	-	13,657	-	-	-	-	-	-	-	13,657	-	-	13,657	
Share of other comprehensive income of associates	-	-	17,024	-	-	-	-	-	-	-	-	17,024	-	-	17,024	
Share of other comprehensive expense of a joint venture	-	-	-	-	-	-	(1,098)	-	-	-	-	(1,098)	-	-	(1,098)	
Total comprehensive (expense) income for the period	-	-	33,353	13,657	-	-	(149,901)	-	(28,714)	-	1,465,908	1,334,303	580,682	89,382	2,004,367	
Transaction with non-controlling unitholders of Champion REIT: Distribution to non-controlling unitholders of Champion REIT	-	-	-	-	-	-	-	-	-	-	-	-	(210,604)	-	(210,604)	
	-	-	-	-	-	-	-	-	-	-	-	-	(210,604)	-	(210,604)	
Transactions with owners:																
Dividend paid	-	-	-	-	-	-	-	-	-	-	(308,550)	(308,550)	-	-	(308,550)	
Shares issued at premium	4,435	238,603	-	-	-	-	-	(5,912)	-	-	-	237,126	-	-	237,126	
Share issue expenses	-	(20)	-	-	-	-	-	-	-	-	-	(20)	-	-	(20)	
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	7,163	-	-	-	7,163	-	-	7,163	
Increase of interests in subsidiaries (note b)	-	-	-	-	-	-	-	-	-	2,355	-	2,355	(26,089)	21,621	(2,113)	
Recognised on disposal of interests in subsidiary without losing control	-	-	-	-	-	-	-	-	-	(61,853)	-	(61,853)	-	99,906	38,053	
Waiver of distribution from a subsidiary (note c)	-	-	-	-	-	-	-	-	-	-	(9,471)	(9,471)	-	9,471	-	
Contribution from non-controlling interests (note d)	-	-	-	-	-	-	-	-	-	-	-	-	-	768,250	768,250	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(128,370)	(128,370)	
At 30 June 2015 (unaudited)	332,339	4,881,553	71,557	36,766	3,054	400,965	(254,787)	55,202	(28,862)	7,522,234	39,950,710	52,970,731	18,090,501	721,633	71,782,865	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Attributable to owners of the Company											Amount attributable to non-controlling unitholders of Champion REIT	Non-controlling interests	Total	
	Share capital	Share premium	Investment revaluation reserve	Property revaluation reserve	Capital redemption reserve	Contributed surplus	Exchange translation reserve	Share option reserve	Hedging reserve	Other reserves	Retained profits				
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	Sub-total	HKS'000	HKS'000	HKS'000
At 1 January 2016	332,363	4,882,835	33,000	23,109	3,054	400,965	(545,017)	60,721	(45,022)	7,573,566	41,613,071	54,332,645	18,068,925	641,548	73,043,118
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,492,012	1,492,012	700,682	249,267	2,441,961
Change in fair value of cash flow hedges	-	-	-	-	-	-	-	-	48,125	-	-	48,125	28,599	-	76,724
Fair value loss on available-for-sale investments	-	-	(61,218)	-	-	-	-	-	-	-	-	(61,218)	-	-	(61,218)
Reclassification adjustment upon disposal of available-for-sale investments	-	-	(1,166)	-	-	-	-	-	-	-	-	(1,166)	-	-	(1,166)
Exchange differences arising on translation of foreign operations	-	-	(5)	-	-	-	(37,694)	-	-	(59)	-	(37,758)	-	(62)	(37,820)
Share of other comprehensive income of associates	-	-	8,312	-	-	-	-	-	-	-	-	8,312	-	-	8,312
Share of other comprehensive expense of joint ventures	-	-	-	-	-	-	(12,956)	-	-	-	-	(12,956)	-	-	(12,956)
Total comprehensive (expense) income for the period	-	-	(54,077)	-	-	-	(50,650)	-	48,125	(59)	1,492,012	1,435,351	729,281	249,205	2,413,837
Transaction with non-controlling unitholders of Champion REIT: Distribution to non-controlling unitholders of Champion REIT	-	-	-	-	-	-	-	-	-	-	-	-	(235,901)	-	(235,901)
	-	-	-	-	-	-	-	-	-	-	-	-	(235,901)	-	(235,901)
Transactions with owners:															
Dividend paid	-	-	-	-	-	-	-	-	-	-	(1,649,410)	(1,649,410)	-	-	(1,649,410)
Shares issued at premium	5,859	325,111	-	-	-	-	-	(25,802)	-	-	-	305,168	-	-	305,168
Lapse of share options	-	-	-	-	-	-	-	-	-	-	8,392	8,392	-	-	8,392
Share issue expenses	-	(14)	-	-	-	-	-	-	-	-	-	(14)	-	-	(14)
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	6,536	-	-	-	6,536	-	-	6,536
Increase of interests in subsidiaries (note b)	-	-	-	-	-	-	-	-	-	(57,889)	-	(57,889)	(23,479)	41,837	(39,531)
Waiver of distribution from a subsidiary (note c)	-	-	-	-	-	-	-	-	-	-	(4,120)	(4,120)	-	4,120	-
Contribution from non-controlling interests (note e)	-	-	-	-	-	-	-	-	-	-	-	-	-	243,766	243,766
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(434,508)	(434,508)
At 30 June 2016 (unaudited)	338,222	5,207,932	(21,077)	23,109	3,054	400,965	(595,667)	41,455	3,103	7,515,618	41,459,945	54,376,659	18,538,826	745,968	73,861,453

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

Notes:

- (a) Contributed surplus represents the surplus arising under the Scheme of Arrangement undertaken by the Group in 1989/90. Under the Bermuda Companies Act, the contributed surplus of the Group is available for distribution to shareholders.
- (b) It mainly represents the effect from the Group's increase in interests in Champion REIT and Langham upon the settlement of management fees in units and purchase of units of Champion REIT and Langham from the market by the Group.
- (c) Pursuant to a distribution entitlement waiver deed, LHIL Assets Holdings Limited, a subsidiary, has agreed to waive its entitlement to receive any distributions payable from its 100,000,000 (30 June 2015: 150,000,000) share stapled units in Langham. During the period, distribution of HK\$4,120,000 (30 June 2015: HK\$9,471,000) was waived by the Group.
- (d) Pursuant to a limited partnership agreement, a new entity was formed in August 2014. The Group's accumulated contributions represented certain investment properties and bank loan aggregately valued at HK\$802,262,000 (30 June 2015: HK\$802,262,000) whereas other investor's net accumulated capital contribution amounted to HK\$1,074,224,000 (31 December 2015: HK\$1,405,722,000).
- (e) Pursuant to a limited liability agreement signed in March 2016, an investor had a capital contribution of HK\$243,766,000 to a property development and a property for sale project held by the limited partnership.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Cash generated from operations	1,513,902	915,438
Hong Kong Profits Tax paid	(122)	(2,518)
Other jurisdictions tax paid	(39,509)	(35,751)
Hong Kong Profits Tax refunded	426	66,597
Net cash from operating activities	1,474,697	943,766
Investing activities		
Additions of property, plant and equipment	(1,815,477)	(1,676,518)
Increase in interests in a joint venture	(245,000)	–
(Increase) decrease in pledged bank deposits	(133,156)	578,128
Additions of financial assets designated at fair value through profit or loss	(83,000)	(622,454)
Additions of investment properties	(64,503)	(57,294)
Additions of available-for-sale investments	(2,271)	(283,171)
Decrease in time deposits with original maturity over three months	914,086	2,675,937
Proceeds on disposal of financial assets designated at fair value through profit or loss	145,509	500,424
Decrease in restricted cash	81,560	29,352
Proceeds on disposal of available-for-sale investments	38,988	336,887
Interest received	33,971	232,442
Proceeds on redemption of notes receivable	20,063	65,595
Dividends received from listed available-for-sale investments	16,428	10,065
Dividends received from associates	2,671	6,426
Proceeds on disposal of property, plant and equipment	17	1,719
Additions of notes receivable	–	(224,911)
Increase in loan receivables	–	(193,813)
Net cash (used in) from investing activities	(1,090,114)	1,378,814

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Financing activities		
New bank loans raised	19,373,166	969,263
Contribution from non-controlling interests	243,766	768,250
Issue of shares	80,012	16,890
Repayments of bank loans	(17,777,690)	(1,796,272)
Dividends paid to shareholders	(1,415,877)	(88,334)
Distribution paid to non-controlling interests	(434,508)	(128,370)
Interest paid	(290,602)	(310,835)
Distribution paid to non-controlling unitholders of Champion REIT	(221,395)	(219,952)
Bank origination fees	(161,514)	(7,599)
Acquisition of additional interests in subsidiaries	(39,531)	(2,113)
Proceeds from issuance of medium term notes	–	643,000
Repurchase of medium term notes	–	(72,944)
Net cash used in financing activities	(644,173)	(229,016)
Net (decrease) increase in cash and cash equivalents	(259,590)	2,093,564
Effect of foreign exchange rate changes	141,168	(32,929)
Cash and cash equivalents at 1 January	5,164,066	5,628,234
Cash and cash equivalents at 30 June	5,045,644	7,688,869
Analysis of the bank balances and cash:		
Balance of cash and cash equivalents	5,045,644	7,688,869
Time deposits with original maturity over three months	–	796,054
	5,045,644	8,484,923

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair values of the Group’s financial assets and financial liabilities that are measured at fair values on a recurring basis

Some of the Group’s financial assets and financial liabilities are measured at fair values at the end of the reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) to active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than those quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For the six months ended 30 June 2016

3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of the Group's financial assets and financial liabilities that are measured at fair values on a recurring basis (continued)

Financial assets/(liabilities)	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30 June	31 December		
	2016 HK\$'000	2015 HK\$'000		
Listed equity securities classified as available-for-sale ("AFS") investments in the condensed consolidated statement of financial position.	233,220	298,958	Level 1	Quoted market bid prices in an active market.
Listed equity securities held for trading in the condensed consolidated statement of financial position.	243,919	265,448	Level 1	Quoted market bid prices in an active market.
Unlisted equity securities classified as AFS investments in the condensed consolidated statement of financial position.	432,936	466,524	Level 1	Broker's quote which reflects the Group's share of fair value of the underlying investments which are publicly traded equity investments.
Foreign currency derivative contracts classified as derivative financial instruments in the condensed consolidated statement of financial position.	(55,520)	(619)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of the Group's financial assets and financial liabilities that are measured at fair values on a recurring basis (continued)

Financial assets/ (liabilities)	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	30 June	31 December			
	2016	2015			
	HK\$'000	HK\$'000			
Cross currency swaps classified as derivative financial instruments in the condensed consolidated statement of financial position.	9,960	(69,821)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and interest rates (from observable forward exchange rates and interest rates at the end of the reporting period) and contracted forward rates discounted at a rate that reflects the credit risk of various counterparties.	N/A
Equity linked notes classified as financial assets designated at fair value through profit or loss ("FVTPL") in the condensed consolidated statement of financial position.	40,891	103,455	Level 3	Discounted cash flow. Future cash flows are estimated based on probability-adjusted share prices, contracted share prices and volatility discounted at a rate that reflects the credit risk of various counterparties.	Volatility of underlying share prices. (Note 1)

Note 1: The higher the volatility, the higher the fair value of equity linked notes. A reasonably possible change in the unobservable input would result in a significantly higher or lower fair value measurement.

There were no transfers between Level 1 and 2 during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

3. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of the Group's financial assets and financial liabilities that are measured at fair values on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements

	Equity linked notes HK\$'000
As at 1 January 2016	103,455
Purchases	83,000
Redemption upon maturity	(145,502)
Change in fair value	(62)
As at 30 June 2016	40,891

The above change in fair value is included in "fair value changes on financial assets at fair value through profit or loss" in the condensed consolidated income statement.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate their fair values.

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.

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Property rental income from investment properties	1,409,636	1,208,432
Building management service income	141,468	121,625
Hotel income	2,406,004	2,408,302
Sales of goods	113,079	128,124
Dividend income	16,428	12,744
Others	93,540	103,208
	4,180,155	3,982,435

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.

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 joint ventures, depreciation, fair value changes on investment properties, derivative financial instruments and financial assets at FVTPL, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

5. SEGMENT INFORMATION (CONTINUED)

The following is the analysis of the Group's revenue and results by reportable segment for the period under review:

Segment revenue and results

Six months ended 30 June 2016

	Property investment HK\$'000 (unaudited)	Hotel operation HK\$'000 (unaudited)	Other operations HK\$'000 (unaudited)	Sub-total HK\$'000 (unaudited)	Champion REIT HK\$'000 (unaudited)	Langham HK\$'000 (unaudited)	US Real Estate Fund HK\$'000 (unaudited)	Eliminations HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
REVENUE									
External revenue	118,998	2,406,004	223,047	2,748,049	1,246,183	3,060	182,863	-	4,180,155
Inter-segment revenue	-	31,733	200,138	231,871	5,577	319,269	-	(556,717)	-
Total	118,998	2,437,737	423,185	2,979,920	1,251,760	322,329	182,863	(556,717)	4,180,155
Inter-segment revenue are charged at a mutually agreed prices and are recognised when services are provided.									
RESULTS									
Segment results	87,221	235,862	283,910	606,993	875,093	270,383	99,840	(27,158)	1,825,151
Depreciation				(203,061)	-	(91,518)	-	(410)	(294,989)
Operating profit after depreciation				403,932	875,093	178,865	99,840	(27,568)	1,530,162
Fair value changes on investment properties				73,401	1,334,490	-	408,699	(800)	1,815,790
Fair value changes on derivative financial instruments				(72,971)	-	-	-	-	(72,971)
Fair value changes on financial assets at FVTPL				(14,958)	-	-	-	-	(14,958)
Other income				24,471	-	-	4,881	-	29,352
Administrative and other expenses				(187,098)	(12,300)	(7,506)	(28,850)	25,178	(210,576)
Net finance costs				(36,270)	(198,676)	(62,853)	(31,312)	-	(329,111)
Share of results of associates				48	-	-	-	-	48
Share of results of joint ventures				(22,078)	-	-	-	-	(22,078)
Profit before tax				168,477	1,998,607	108,506	453,258	(3,190)	2,725,658
Income taxes				(53,286)	(114,547)	(25,196)	-	(90,668)	(283,697)
Profit for the period				115,191	1,884,060	83,310	453,258	(93,858)	2,441,961
Less: Profit attributable to non-controlling interests/ non-controlling unitholders of Champion REIT				(2,726)	(700,682)	(30,619)	(215,922)	-	(949,949)
Profit attributable to owners of the Company				112,465	1,183,378	52,691	237,336	(93,858)	1,492,012

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

5. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Six months ended 30 June 2015

	Property investment HK\$'000 (unaudited)	Hotel operation HK\$'000 (unaudited)	Other operations HK\$'000 (unaudited)	Sub-total HK\$'000 (unaudited)	Champion REIT HK\$'000 (unaudited)	Langham HK\$'000 (unaudited)	US Real Estate Fund HK\$'000 (unaudited)	Eliminations HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
REVENUE									
External revenue	116,166	2,408,302	244,076	2,768,544	1,099,547	2,706	111,638	-	3,982,435
Inter-segment revenue	-	32,259	155,683	187,942	10,871	320,495	-	(519,308)	-
Total	116,166	2,440,561	399,759	2,956,486	1,110,418	323,201	111,638	(519,308)	3,982,435
Inter-segment revenue are charged at a mutually agreed prices and are recognised when services are provided.									
RESULTS									
Segment results	85,547	197,940	244,980	528,467	772,651	265,895	35,660	(6,629)	1,596,044
Depreciation				(199,390)	-	(82,238)	-	(410)	(282,038)
Operating profit after depreciation				329,077	772,651	183,657	35,660	(7,039)	1,314,006
Fair value changes on investment properties				21,270	1,065,102	-	326,824	(1,200)	1,411,996
Fair value changes on derivative financial instruments				(2,752)	-	-	-	-	(2,752)
Fair value changes on financial assets designated at FVTPL				97	-	-	-	-	97
Other income				83,562	-	-	-	-	83,562
Gain on repurchase of medium term notes				-	2,273	-	-	-	2,273
Administrative and other expenses				(193,641)	(7,547)	(7,544)	(40,562)	2,988	(246,306)
Net finance costs				42,959	(164,697)	(58,337)	(25,972)	-	(206,047)
Share of results of associates				(3,731)	-	-	-	-	(3,731)
Share of results of a joint venture				(8,892)	-	-	-	-	(8,892)
Profit before tax				267,949	1,667,782	117,776	295,950	(5,251)	2,344,206
Income taxes				(35,325)	(103,161)	(26,492)	-	(25,436)	(190,414)
Profit for the period				232,624	1,564,621	91,284	295,950	(30,687)	2,153,792
Less: Profit attributable to non-controlling interests/ non-controlling unitholders of Champion REIT				(1,558)	(598,468)	(37,920)	(149,159)	99,221	(687,884)
Profit attributable to owners of the Company				231,066	966,153	53,364	146,791	68,534	1,465,908

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

5. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

30 June 2016

	Assets HK\$'000 (unaudited)	Liabilities HK\$'000 (unaudited)	Net Assets HK\$'000 (unaudited)
Property investment (note a)	5,463,055	198,343	5,264,712
Hotel operation (note a)	16,252,995	6,962,138	9,290,857
Other operations (note a)	3,091,134	225,251	2,865,883
Unallocated	5,461,670	223,300	5,238,370
Great Eagle operations (note b)	30,268,854	7,609,032	22,659,822
Champion REIT (note c)	42,360,335	10,651,794	31,708,541
Langham (note c)	11,604,072	4,365,984	7,238,088
US Real Estate Fund (note d)	2,826,225	1,309,589	1,516,636

31 December 2015

	Assets HK\$'000 (audited)	Liabilities HK\$'000 (audited)	Net Assets HK\$'000 (audited)
Property investment (note a)	5,409,003	153,773	5,255,230
Hotel operation (note a)	14,470,298	5,342,372	9,127,926
Other operations (note a)	3,002,030	187,645	2,814,385
Unallocated	6,322,570	179,636	6,142,934
Great Eagle operations (note b)	29,203,901	5,863,426	23,340,475
Champion REIT (note c)	41,372,755	10,600,153	30,772,602
Langham (note c)	11,413,442	4,322,470	7,090,972
US Real Estate Fund (note d)	2,786,764	1,173,057	1,613,707

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

5. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

Notes:

- (a) The segment assets include primarily investment properties, property, plant and equipment, deposit for acquisition of property, plant and equipment, equity securities classified as AFS investments, assets classified as held for sale, inventories, loan receivables, notes receivable, financial assets at FVTPL and debtors, deposits and prepayments attributable to respective operating segments. The segment liabilities include primarily creditors, deposits and accruals, provision for taxation and deferred taxation attributable to respective operating segments.
- (b) In addition to the major items discussed in note (a), included in the assets and liabilities are bank deposit, pledged bank deposit and restricted cash of HK\$4,524,582,000 (31 December 2015: HK\$5,106,205,000) and borrowings of HK\$5,164,117,000 (31 December 2015: HK\$3,585,004,000), representing net debt of HK\$639,535,000 as at 30 June 2016 (31 December 2015: net cash of HK\$1,521,201,000).
- (c) Assets and liabilities of Champion REIT and Langham are based on published results of Champion REIT and Langham, excluding distribution payable attributable from Champion REIT of HK\$398,412,000 (31 December 2015: HK\$373,380,000), at the respective interests held by Great Eagle Holdings Limited, being 62.81% and 61.71% (31 December 2015: 62.72% and 60.70%), respectively. Additionally, the assets of Langham include the hotel properties' appraised value of HK\$18,495,000,000 as at 30 June 2016 (31 December 2015: HK\$18,381,000,000). Such hotel properties have a carrying amount (at cost less accumulated depreciation) of HK\$4,198,368,000 as at 30 June 2016 (31 December 2015: HK\$4,283,959,000) as recognised in the Group's condensed consolidated statement of financial position.
- (d) Assets and liabilities of the US Real Estate Fund are based on results of the fund at the 49.97% (31 December 2015: 49.6%) interest held by Great Eagle Holdings Limited.

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings	219,212	209,546
Interest on other loans	7,137	36,898
Interest on medium term notes	62,746	60,796
Other borrowing costs	78,367	47,085
	367,462	354,325

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging (crediting):		
Staff costs (including directors' emoluments)	1,073,939	1,068,823
Share based payments (including directors' emoluments)	6,536	7,163
	1,080,475	1,075,986
Depreciation	294,989	282,038
Recovery of bad debts written off	(834)	(1,524)
Share of tax of associates (included in the share of results of associates)	57	957
Dividend income from listed AFS investments	(16,428)	(12,744)
Bank interest income (included in other income)	(23,088)	(103,129)
Interest income received from other financial assets (included in other income)	(15,263)	(45,149)
Net gain on disposal of listed AFS investments (included in other income)	(1,166)	(53,966)
Loss on disposal of property, plant and equipment (included in administrative and other expenses)	99	5,899
Net exchange loss (included in administrative and other expenses)	9,264	24,099

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

8. INCOME TAXES

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Current period:		
Hong Kong Profits Tax	125,027	109,038
Other jurisdictions	15,362	12,412
	140,389	121,450
Under(over)provision in prior periods:		
Hong Kong Profits Tax	142	(154)
Other jurisdictions	469	(10,484)
	611	(10,638)
	141,000	110,812
Deferred tax:		
Current period	145,742	82,298
Overprovision in prior periods	(3,045)	(2,696)
	142,697	79,602
	283,697	190,414

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

9. DIVIDENDS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends paid:		
Final dividend of HK47 cents in respect of the financial year ended 31 December 2015 (2015: HK47 cents in respect of the financial year ended 31 December 2014) per ordinary share	313,854	308,550
Special final dividend of HK\$2 in respect of the financial year ended 31 December 2015 per ordinary share	1,335,556	–
	1,649,410	308,550
Dividends declared:		
Interim dividend of HK27 cents in respect of the six months ended 30 June 2016 (2015: HK27 cents in respect of the six months ended 30 June 2015) per ordinary share	182,640	179,463

On 22 June 2016, a final dividend of HK47 cents per ordinary share and a special final dividend of HK\$2 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 2015.

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

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Dividends		
Cash	80,321	88,334
Share alternative	233,533	220,216
	313,854	308,550

The Directors have determined that an interim dividend of HK27 cents (2015: interim dividend of HK27 cents) per ordinary share will be paid to the shareholders of the Company whose names appear in the Register of Members on 5 October 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	1,492,012	1,465,908

	Six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	674,549,654	664,355,465
Effect of dilutive potential shares:		
Share options	179,573	490,874
Weighted average number of shares for the purpose of diluted earnings per share	674,729,227	664,846,339

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the current interim period, the Group acquired a freehold land in Tokyo, Japan amounting to HK\$1,677,535,000 for hotel development and also had additions in relation to structural improvement work on hotel properties of HK\$669,000 and hotel buildings under development of HK\$67,014,000 (six months ended 30 June 2015: structural improvement work on hotel properties of HK\$6,433,000 and hotel buildings under development of HK\$1,470,313,000). The additions of other property, plant and equipment were HK\$238,239,000 (six months ended 30 June 2015: HK\$311,763,000). During the current interim period, the Group had disposals of other property, plant and equipment with carrying amount of HK\$116,000 (six months ended 30 June 2015: HK\$7,620,000).

At 30 June 2016 and 2015, the Directors conducted an impairment assessment on hotel properties, no reversal or additional impairment loss was recognised for the six months ended 30 June 2016 and 2015.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (CONTINUED)

During the current interim period, the Group had additions to improvement work on investment properties at a cost of HK\$64,502,000 (six months ended 30 June 2015: HK\$43,636,000).

During the six months ended 30 June 2015, investment properties with carrying value of HK\$18,900,000 were transferred from property, plant and equipment due to change in use from owner occupation to earning rental income from outsiders.

The fair value of the Group's investment properties of HK\$72,176,339,000 as at 30 June 2016 (31 December 2015: HK\$73,975,154,000) has been arrived at on a basis of valuation carried out by independent professional property valuers not connected with the Group:

Investment properties in Hong Kong – Knight Frank Petty Limited and Savills Valuation and Professional Services Limited.

Investment properties in the People's Republic of China – Knight Frank Petty Limited.

Investment properties in the United States of America ("USA") – Cushman & Wakefield Western, Inc.

The valuations for certain investment properties were arrived at by using income capitalisation method which is determined based on the future cash flow of market rentals at market yield expected by property investors and applicable discount rates. The market rentals are also assessed by reference to the rentals achieved in other similar properties in the neighbourhood. The valuation of the remaining investment properties were arrived at by using direct comparison method, which is based on market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject property. Additionally, in estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

12. DEPOSIT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2015, purchase deposit of 2,221,900,000 yen (equivalent to approximately HK\$142,868,000) was paid for the acquisition of a hotel development project in Tokyo, Japan.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

13. INTERESTS IN ASSOCIATES

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Cost of investment in associates:		
Unlisted associates in Hong Kong	109	109
Share of post-acquisition profit and other comprehensive income, net of dividend received	74,744	69,055
	74,853	69,164

In determining whether there exists any objective evidence of impairment of the Group's interests in associates, the Directors consider any loss events at the end of the reporting period which may have an impact on the estimated future cash flows of its associates. The Directors assessed that no objective evidence of impairment was identified. Accordingly, no impairment loss is recognised.

14. INTERESTS IN JOINT VENTURES

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Cost of investment in joint ventures	986,231	632,612
Share of post-acquisition results and other comprehensive income	(134,128)	(99,105)
	852,103	533,507

Pursuant to a subscription and shareholders' agreement signed between an indirect wholly-owned subsidiary of the Company and an independent third party investor (the "Wealth Joy Investor") in February 2010, the financial and operating policies of Wealth Joy Holdings Limited ("Wealth Joy") that significantly affect the return of Wealth Joy, require unanimous consent from the Group and the Wealth Joy Investor, accordingly Wealth Joy is accounted for as a joint arrangement. As the joint arrangement does not result in either parties having rights to assets and obligations to liabilities of Wealth Joy, the Group has accounted for Wealth Joy as a joint venture.

Wealth Joy and its subsidiaries are principally engaged in developing a parcel of land in Donggang area, Renmin Road East, which is the commercial and financial centre of Dalian, the PRC.

14. INTERESTS IN JOINT VENTURES (CONTINUED)

During the six months ended 30 June 2016, the Directors evaluated agreements signed between an indirect wholly-owned subsidiary of the Company and an independent third party investor (the "8701 Investor") regarding the Group's AFS investment in 8701 Associates 2, LLC ("8701") and concluded that the 8701's major decisions require unanimous consent from the Group and the 8701 Investor. Accordingly, the Group has reclassified such investment from AFS investment and accounted for 8701 as a joint arrangement. As the joint arrangement does not result in either parties having rights to assets and obligations to liabilities of 8701, the Group has accounted for 8701 as a joint venture.

8701 has interest in a project entity which is principally engaged in residential development projects in Miami, Florida, the USA.

The Group's interests in the joint ventures amounting to HK\$852,103,000 as at 30 June 2016 (31 December 2015: HK\$533,507,000) are accounted for using the equity method in these condensed consolidated financial statements.

In determining whether there exists any objective evidence of impairment of the Group's interests in joint ventures, the Directors consider the fair value of the property under development and the profits arising from pre-sales of the properties which may have an impact on the estimated future cash flows of its joint venture. The Directors assessed that no objective impairment was identified. Accordingly, no impairment loss is recognised.

15. LOAN RECEIVABLES

Loan receivables represented the following:

- (i) Smart Easy Global Limited ("Smart Easy"), a wholly owned subsidiary of the Company, entered into a subordinated unsecured convertible promissory note dated 15 June 2015 (the "Note") with a third party for the loan receivable of US\$25,000,000 (equivalent to approximately HK\$193,775,000), which bears interest at 5% per annum and has a maturity date on 15 June 2020.

Subject to the terms in the Note, the loan receivable may, by Smart Easy's election, be converted into fully paid class D non-voting common units of the third party at an initial conversion price of US\$6. Upon conversion, accrued and unpaid interest on the loan receivable shall be immediately due and payable in cash. Notwithstanding the above, the Note will also be mandatory converted at an initial conversion price of US\$6 upon the occurrence of the earlier of (i) an initial public offering of the third party's equity securities at a price per share of US\$12; and (ii) the sale of at least US\$20 million of new capital of the third party's equity securities at the implied unit price of at least US\$12.

Based on the market conditions and the operations of the third party at the end of the reporting period, the management considered that the loan receivable will not be converted into units. Accordingly, the fair value of the conversion right of the loan receivable is insignificant.

- (ii) Pacific Miami Corporation, a wholly owned subsidiary of the Company, entered into an unsecured promissory note dated 30 December 2015 with an investee of the then classified AFS investment and currently classified as joint venture for a loan receivable of US\$2,275,000 (equivalent to approximately HK\$17,634,000), which bears interest at 18% per annum and has a maturity date on 31 December 2022.

For the six months ended 30 June 2016

16. NOTES RECEIVABLE

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Unsecured bonds	252,840	273,762
Less: Amounts due within one year shown under current assets	–	(20,248)
Amounts due after one year	252,840	253,514

At the end of the reporting period, the Group held unsecured bonds with principal amounts of HK\$252,840,000 (31 December 2015: HK\$273,762,000), issued by reputable financial institutions. The Group designated unsecured bonds amounting to HK\$222,344,000 (31 December 2015: HK\$223,204,000) as held-to-maturity investments.

The unsecured bonds issued by reputable financial institutions are detailed as follows:

- (i) carrying amount of HK\$252,840,000 (31 December 2015: HK\$253,514,000) is denominated in United States dollars with nominal values ranging from US\$1,000,000 to US\$7,640,000 (31 December 2015: US\$1,000,000 to US\$7,640,000), bears interest at fixed interest rates ranging from 2.625% to 5.875% (31 December 2015: 2.63% to 5.875%) per annum and has maturity dates ranging from January 2018 to May 2024 (31 December 2015: January 2018 to May 2024); and
- (ii) carrying amount of HK\$20,248,000 as at 31 December 2015 was denominated in Renminbi with nominal values ranging from RMB2,000,000 to RMB10,000,000, bore interests at fixed interest rate of 3% per annum and matured in June 2016.

17. AVAILABLE-FOR-SALE INVESTMENTS

AFS investments comprise:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Listed equity securities in Hong Kong	181,146	234,543
Listed equity securities outside Hong Kong	52,074	64,415
Unlisted equity securities in Hong Kong	8,005	7,997
Unlisted equity securities outside Hong Kong	1,017,846	1,160,379
	1,259,071	1,467,334
Market value of listed securities	233,220	298,958

At the end of the reporting period, all the listed securities are stated at fair values which have been determined by reference to closing prices quoted in the active markets. At 30 June 2016 and 31 December 2015, the Group's listed equity securities were individually assessed for impairment on the basis of significant or prolonged decline in their fair value below cost. Impairment loss of HK\$45,824,000 was recognised in profit or loss during the year ended 31 December 2015.

Unlisted investments represent unlisted equity investments and club debentures. An aggregate amount of unlisted equity securities of HK\$432,936,000 (31 December 2015: HK\$466,524,000) are measured at fair values. The remaining amount of unlisted equity securities and club debentures of HK\$592,915,000 (31 December 2015: HK\$701,852,000) are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so widespread that the Directors are of the opinion that their fair values cannot be measured reliably.

Included in unlisted equity investments, which is carried at cost less impairment, is the Group's investment in an investor of China Orient Great Eagle (PRC) Real Estate Investment Opportunity Fund L.P. ("China Fund LP"), namely China Orient Great Eagle (PRC) Real Estate Investment Opportunity Fund Limited Partner, an exempted company incorporated with limited liability in the Cayman Islands. At 30 June 2016, the Group had invested HK\$415,438,000 (31 December 2015: HK\$418,300,000), which represents 40% equity interests in China Fund LP. China Fund LP is not regarded as an associate of the Group because the Group is unable to exercise significant influence under arrangements with other investors.

As described in note 14, the Group's investment in 8701 was reclassified from AFS investment to investment in a joint venture at the carrying amount of HK\$108,514,000 during the six months ended 30 June 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

18. STOCK OF PROPERTIES

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Properties held for development for sale	2,803,398	2,669,027
Properties for sale	492,490	482,518
	3,295,888	3,151,545

Stock of properties comprised of the following:

- (i) An apartment building in Malibu, Los Angeles, the USA with a consideration of US\$62,000,000 (equivalent to approximately HK\$480,522,000) which was acquired during the year ended 31 December 2015. The apartments will be converted into condominiums for sale.
- (ii) A site in Pine Street, San Francisco, the USA with a consideration of US\$21,000,000 (equivalent to approximately HK\$162,771,000) which was acquired during the six months ended 30 June 2015. The site will be used for development of residential properties for sale.
- (iii) A residential site in Pak Shek Kok, Tai Po at the land premium of HK\$2,412,000,000. The site will be used for development of luxury residential properties for sale.

The properties held for development for sale with carrying amount of HK\$2,566,337,000 (31 December 2015: HK\$2,489,272,000) are expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

19. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Trade debtors, net of allowance for doubtful debts	309,958	307,589
Deferred rent receivables	183,508	150,139
Other receivables	157,719	190,983
Deposits and prepayments	248,906	220,103
	900,091	868,814

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

19. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

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

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
0 – 3 months	163,688	174,990
3 – 6 months	17,161	20,219
Over 6 months	129,109	112,380
	309,958	307,589

Deposits and prepayments mainly consist of prepaid expenses for hotels operations.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Equity linked notes designated at FVTPL	40,891	103,455
Listed equity securities held for trading	243,919	265,448
	284,810	368,903

At the end of the reporting period, all the listed equity securities are stated at fair values which have been determined by reference to closing prices quoted in the active markets. The Group had entered into equity linked notes with banks and are detailed as follows:

- (i) HK\$ equity linked notes with nominal values ranging from HK\$5,000,000 to HK\$8,000,000 (31 December 2015: HK\$5,000,000 to HK\$10,000,000) have maturity periods of four months (31 December 2015: three months). Redemption amount and interest rates vary depending on various conditioning terms and different strike prices.
- (ii) As at 31 December 2015, US\$ equity linked notes with nominal values of US\$1,000,000 had maturity periods of twelve months. Redemption amount and interest rates vary depending on various conditioning terms and different strike prices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

21. PLEDGED BANK DEPOSITS

Deposit of HK\$753,946,000 (31 December 2015: HK\$620,790,000) was pledged as security for short-term loan facilities.

22. ASSETS CLASSIFIED AS HELD FOR SALE

The Group has classified certain investment properties located in San Francisco and Walnut Creek, the USA as assets held for sale which are separately presented in the condensed consolidated statement of financial position. Details of the assets held for sale are as follows:

- (i) On 28 April 2016 and 22 June 2016, the Group entered into sales and purchase agreements to dispose of investment properties at a consideration of US\$169,500,000 (equivalent to approximately HK\$1,315,066,000) and US\$255,000,000 (equivalent to approximately HK\$1,978,418,000), respectively. The closing date of such transactions are within twelve months from the end of the current interim reporting period.
- (ii) The Group is under negotiation with an interested party for the disposal of an investment property and the sales and purchase agreement is signed subsequent to the end of the reporting period with a consideration of US\$36,000,000 (equivalent to approximately HK\$279,306,000).
- (iii) The Directors resolved to dispose an investment property and the property has been marketed for sale at a price that is reasonable in relation to its current fair value of US\$13,500,000 (equivalent to approximately HK\$104,740,000).

The sale proceeds are expected to exceed the net carrying amount of the investment properties and accordingly, no impairment loss has been recognised.

23. CREDITORS, DEPOSITS AND ACCRUALS

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Trade creditors	227,254	275,804
Deposits received	887,768	851,666
Construction fee payable and retention money payable	37,507	33,938
Accruals, interest payable and other payables	2,061,984	2,015,058
	3,214,513	3,176,466

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

23. CREDITORS, DEPOSITS AND ACCRUALS (CONTINUED)

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

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
0 – 3 months	205,628	229,449
3 – 6 months	1,902	13,856
Over 6 months	19,724	32,499
	227,254	275,804

Included in accruals and other payables is accrual of stamp duty of HK\$963,475,000 (31 December 2015: HK\$963,475,000) which is based on the current applicable stamp duty rate of 4.25% (31 December 2015: 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 Three Garden Road (formerly known as Citibank Plaza) upon listing.

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

24. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Foreign currency derivative contracts – liabilities	(55,520)	(619)
Less: Amounts due within one year shown under current liabilities	55,395	121
Amounts due after one year	(125)	(498)

The Group used foreign currency derivative contracts to manage its exposure to foreign exchange rate movements on its operations in Hong Kong. During the six months ended 30 June 2016, the Group entered into a series of forward contracts in which the Group is required to sell or buy Japanese Yen against United States dollars at contracted rates under these derivative contracts. At the end of the reporting period, the unexpired notional amount of these outstanding Japanese Yen against United States dollars derivatives contracts amounted to 11,649,180,000 yen (equivalent to approximately HK\$767,040,000). The Group's derivative contracts will be fully expired ranging from August 2016 to February 2018.

The fair values of foreign currency derivative contracts at the end of the reporting periods are provided by counterparty banks.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

25. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Non-current asset		
Cash flow hedge – cross currency swaps	9,960	–
Non-current liability		
Cash flow hedge – cross currency swaps	–	69,821

The Group entered into cross currency swaps with The Hongkong and Shanghai Banking Corporation Limited to minimise the exposure to fluctuation in foreign currency and interest rate of the medium term notes as described in note 27, which is denominated in United States dollars, in respect of the principal and fixed rate interest payments.

The cross currency swaps and the corresponding medium term notes have similar terms and the Directors considered that the cross currency swaps were highly effective hedging instruments.

The fair values of the cross currency swaps at the end of the reporting periods are based on the valuation provided by the counterparty financial institution.

26. BORROWINGS

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Bank loans and revolving loans (secured)	24,945,999	23,277,164
Other non-current loans (secured)	369,029	372,548
	25,315,028	23,649,712
Loan front-end fee	(186,569)	(99,457)
	25,128,459	23,550,255

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

26. BORROWINGS (CONTINUED)

The maturity of the above loans based on scheduled repayment terms is as follows:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within one year	2,986,525	9,968,284
More than one year but not exceeding two years	682,743	4,709,096
More than two years but not exceeding five years	21,303,541	8,648,212
More than five years	155,650	224,663
	25,128,459	23,550,255
Less: Amounts due within one year shown under current liabilities	(2,986,525)	(9,968,284)
Amounts due after one year	22,141,934	13,581,971

The ranges of effective interest rates (which approximate to contracted interest rates) on the Group's borrowings are as follows:

	30 June 2016 (unaudited)	31 December 2015 (audited)
Effective interest rate:		
Fixed-rate borrowings	3.84%	3.84% to 4.88%
Variable-rate borrowings	0.31% to 5.93%	0.84% to 7.21%

At the end of the reporting period, included in the Group's borrowings are fixed-rate borrowings with carrying amount of HK\$369,029,000 (31 December 2015: HK\$371,870,000), the remaining balances were variable-rate borrowings.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

27. MEDIUM TERM NOTES

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Medium term notes	3,640,884	3,637,986
Origination fee	(26,428)	(28,160)
	3,614,456	3,609,826

The Group established a US\$1 billion guaranteed medium term notes programme, under which unsecured notes may be issued from time to time in various currencies and amounts with fixed or floating rates to be set upon issuance of notes and will be guaranteed by the HSBC Institutional Trust Services (Asia) Limited, trustee of Champion REIT, in its capacity as trustee.

As at 30 June 2016, the outstanding medium term notes comprised of the following:

- (i) 10-year unsecured notes at a fixed rate of 3.75% per annum with principal of US\$386,400,000 (31 December 2015: US\$386,400,000) (the "USD MTN"). The issued medium term note is repayable in full on 17 January 2023. The currency rate and interest rate are fixed by the use of cross currency swaps.
- (ii) 7-year unsecured notes at a floating rate of 3-month HIBOR plus 1.275% per annum with principal of HK\$643,000,000 (31 December 2015: HK\$643,000,000). The issued medium term note is repayable in full on 26 March 2022.

During the six months ended 30 June 2015, a principal amount of US\$9,800,000 of the USD MTN was repurchased at a consideration of HK\$72,944,000 and a gain on repurchase of medium term notes amounting to HK\$2,273,000 had been recognised in the profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

28. SHARE CAPITAL

	30 June 2016 (unaudited)		31 December 2015 (audited)	
	Number of shares	Nominal value	Number of shares	Nominal value
	'000	HK\$'000	'000	HK\$'000
Authorised:				
Shares of HK\$0.50 each				
Balance brought forward and carried forward	800,000	400,000	800,000	400,000
Issued and fully paid:				
Shares of HK\$0.50 each				
Balance brought forward	664,725	332,363	655,807	327,904
Issued upon exercise of share options under the share option schemes	3,096	1,548	783	391
Issued as scrip dividends	8,624	4,311	8,135	4,068
Balance carried forward	676,445	338,222	664,725	332,363

During the six months ended 30 June 2016, 8,623,818 (year ended 31 December 2015: 8,135,066) shares of HK\$0.5 each in the Company were issued at HK\$27.08 (31 December 2015: HK\$27.07) per share as scrip dividends.

29. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2016, 8,623,818 (year ended 31 December 2015: 8,135,066) shares of HK\$0.5 each in the Company were issued at HK\$27.08 (31 December 2015: HK\$27.07) per share as scrip dividends.

During the six months ended 30 June 2016, the Group reclassified an investment of HK\$108,514,000 from AFS investment to interests in joint ventures (see note 14).

30. SHARE-BASED PAYMENTS

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the period are as follows:

	Number of share options (unaudited)
Outstanding at 1 January 2016	13,486,000
Granted during the period	4,426,000
Exercised during the period	(3,096,000)
Lapsed during the period	(1,395,000)
Outstanding at 30 June 2016	13,421,000

During the period, 4,426,000 share options were granted on 14 March 2016. The closing price of the Company's shares immediately before 14 March 2016, the date of grant, was HK\$23.94 (after adjustment of special dividend). The fair value of the options determined at the date of grant using the Black-Scholes option pricing model were derived with the following significant assumptions:

Date of grant:	14.3.2016
Exercise price:	HK\$25.70
Expected volatility (note a):	18.84%
Expected dividend yield (note b):	3.83%
Expected life from grant date:	5 years
Risk free interest rate (note c):	1.50%
Fair value per option:	HK\$3.09

Notes:

- (a) The expected volatility was based on 5-year historical volatility of the Company's shares.
- (b) The expected dividend yield was based on 5-year historical dividends of the Company.
- (c) Risk free interest rate approximated the yield of 5-year Exchange Fund Note on the date of grant.
- (d) The vesting period for the option grant is 24 months from the date of grant.

The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Change in variables and assumptions may result in changes in the fair value of the options.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

31. COMMITMENTS AND CONTINGENT LIABILITIES

At 30 June 2016, the Group has authorised capital expenditure for investment properties and property, plant and equipment which is not provided for in the condensed consolidated financial statements amounting to HK\$3,558,154,000 (31 December 2015: HK\$1,308,345,000) of which HK\$535,155,000 (31 December 2015: HK\$291,577,000) was contracted for.

At 30 June 2016, the Group has outstanding financial commitment in respect of capital injection to a joint venture of RMB25,800,000 (equivalent to approximately HK\$33,050,000) (31 December 2015: RMB25,800,000 (equivalent to approximately HK\$33,050,000)) and cash commitment to China Fund LP of US\$46,000,000 (equivalent to approximately HK\$357,000,000) (31 December 2015: US\$46,000,000 (equivalent to approximately HK\$357,000,000)).

At 30 June 2016, the Group has outstanding commitments for the acquisition of a hotel development project located at Minhang District, Shanghai, the PRC of RMB193,000,000 (equivalent to approximately HK\$230,000,000) (31 December 2015: RMB193,000,000 (equivalent to approximately HK\$230,000,000)).

In July 2015, the Group entered into two purchase and sale agreements for the acquisition of two properties in Tokyo, Japan at a total consideration of 22.2 billion yen (equivalent to approximately HK\$1,430 million). Deposit of 2.2 billion yen (equivalent to approximately HK\$143 million) was paid in August 2015.

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

32. CONNECTED AND RELATED PARTY DISCLOSURES

The Group had the following significant related party balances and transactions during the period. The transactions were carried out in the normal course of the Group's business on terms mutually agreed between the parties. Dr. Lo Ka Shui is the chairman (the "Chairman") and managing director of the Company. Transactions with the Group were disclosed as related party transactions.

Related companies are companies in which Mr. Lo Hong Sui, Vincent or Mr. Lo Kai Shui, both being Directors of the Company who are also close family members of the Chairman, has controlling interests. Mr. Lo Hong Sui, Vincent, Mr. Lo Kai Shui, the Chairman and other family members are among the beneficiaries under a family trust holding 33.53% (31 December 2015: 33.54%) interest, which is a substantial shareholder of the Company. Additionally, connected party includes a company in which a director of a subsidiary has controlling interest.

Transactions with related companies (other than Wealth Joy) are also connected transactions as defined in the chapter 14A of the Listing Rules.

■ NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ■

For the six months ended 30 June 2016

32. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Transactions with a related party for the period		
Dr. Lo Ka Shui		
Management fee received	600	600
Transactions with related companies for the period		
SFK Construction Holdings Ltd and its subsidiaries		
Rental income	3,498	3,416
Building management fee income	558	532
Carpark income	118	118
Cleaning service charge	20,060	10,326
Trading income	131	–
Consultancy service income	107	–
Construction fee	490	–
SOCAM Development Limited and its subsidiaries		
Trading income	2,270	13,259
Shui On Land Limited and its subsidiaries		
Rental expenses	586	906
Management fee expenses	868	95
Hotel income	125	–
Reimbursable expenses	2,702	–
Shui Sing Holding Limited and its subsidiaries		
Rental expenses	–	350
Management fee expense	–	280
Management fee income	120	120
Transactions with a joint venture for the period		
Wealth Joy and its subsidiaries		
Investment management income	6,292	5,929
Project advisory service income	4,533	9,507
Supply procurement and consultancy services income	3,405	4,233

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

32. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Balances with a joint venture and related companies as at		
Amount due from a joint venture ¹ (included in trade debtors under debtors, deposits and prepayments) Wealth Joy and its subsidiaries	97,283	91,821
Amounts due from related companies ¹ (included in debtors, deposits and prepayments)		
SFK Construction Holdings Ltd and its subsidiaries	105	201
SOCAM Development Limited and its subsidiaries	3,301	1,859
	3,406	2,060
Amounts due to related companies ¹ (included in creditors, deposits and accruals)		
SFK Construction Holdings Ltd and its subsidiaries	1,349	1,923
Shui On Land Limited and its subsidiaries	1,040	–
	2,389	1,923
Amount due to a joint venture ¹ (included in creditors, deposits and accruals) Wealth Joy and its subsidiaries		
	8,241	–

Note:

¹ The amounts are unsecured, interest-free and repayable on demand.

33. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, the sales and purchase transactions for the disposal of investment properties located in San Francisco, the USA at a cash consideration of US\$169,500,000 (equivalent to approximately HK\$1,315,066,000) and US\$255,000,000 (equivalent to approximately HK\$1,978,418,000) have been completed (see note 22).

The Group entered into a sales and purchase agreement on 18 July 2016 for the disposal of an investment property located in Walnut Creek, the USA at a consideration of US\$36,000,000 (equivalent to approximately HK\$279,306,000) (see note 22).

GLOSSARY OF TERMS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

Term	Definition
"2009 Share Option Scheme"	the share option scheme of the Company adopted by an ordinary resolution passed on 27 May 2009
"CG Code"	Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"Champion REIT"	Champion Real Estate Investment Trust (Stock Code: 2778), a Hong Kong collective investment scheme authorised under section 104 of SFO, in which the Group has an interest of approximately 62.81% as at 30 June 2016
"China Fund" or "China Fund LP"	China Orient Great Eagle (PRC) Real Estate Investment Opportunity Fund L.P.
"Code of Conduct for Securities Transactions"	Code of Conduct regarding Securities Transactions by Directors and relevant employees of the Company
"Company"	Great Eagle Holdings Limited
"CSR"	Corporate Social Responsibility
"EBITDA"	Earning before interest, taxes, depreciation and amortisation
"Group"	the Company and its subsidiaries
"HITL"	HSBC International Trustee Limited
"HKAS"	Hong Kong Accounting Standard
"HKEX"	Hong Kong Exchanges and Clearing Limited
"HKFRS"	Hong Kong Financial Reporting Standard
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Langham" or "LHI"	Langham Hospitality Investments and Langham Hospitality Investments Limited (Stock Code: 1270) the share stapled units of which are listed on the Stock Exchange, in which the Group had an interest of approximately 61.71% as at 30 June 2016
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"RevPAR"	Revenue per available room
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of ordinary share(s) in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S. Fund" or "U.S. Real Estate Fund"	Pacific Eagle (US) Real Estate Fund, L.P., in which the Group had an interest of approximately 49.97% as at 30 June 2016



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