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

(Stock Code: 41)

2017 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of Great Eagle Holdings Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2017 as follows:

	Year ended 31 December		
	2017 *HK$ million*	**2016** *HK$ million*	**Change**
Key Financials on Income Statement			
Based on core business[1]			
Revenue based on core business	6,187.6	6,261.0	-1.2%
Core profit after tax attributable to equity holders	1,900.0	2,022.5	-6.1%
Core profit after tax attributable to equity holders (per share)	HK$2.77	HK$2.99	
Based on statutory accounting principles[2]			
Revenue based on statutory accounting principles	8,948.1	8,648.5	3.5%
Statutory Profit attributable to equity holders	8,817.9	2,769.8	218.4%
Interim Dividend (per share)	HK$0.30	HK$0.27	
Special Interim Dividend (per share)	HK$0.50	-	
Final Dividend (per share)	HK$0.48	HK$0.48	
Special Final Dividend (per share)	HK$0.50	HK$0.50	
Total Dividend (per share)	HK$1.78	HK$1.25	

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

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

	As at the end of	
	December 2017	**June 2017**
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	1.1%	0.9%
Book value (per share)	HK$ 107.4	HK$ 99.8
Based on statutory accounting principles[2]		
Net gearing[3]	22.5%	23.8%
Book value (per share)	HK$ 93.6	HK$ 86.6

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

[2] As for the Group's balance sheet prepared under the statutory accounting principles, the entire debts of Champion REIT, LHI and the U.S. Fund were consolidated in aggregate. However, the Group only owns a 65.69%, 62.29% and 49.97% equity stake of Champion REIT, LHI and the U.S. Fund respectively as at the end of December 2017.

[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.

Core Profit - Financial Figures based on core business

	Year ended 31 December		
	2017 *HK$ million*	**2016** *HK$ million*	**Change**
Revenue from core business			
Hotels Division	3,957.7	3,715.0	6.5%
Gross Rental Income	227.6	243.5	-6.5%
Management Fee Income from Champion REIT	359.5	344.4	4.4%
Distribution Income from Champion REIT^	928.0	871.6	6.5%
Distribution Income from LHI^	270.2	300.8	-10.2%
Distribution Income from the U.S. Fund^	-	280.6	n.a.
Other operations	444.6	505.1	-12.0%
Total Revenue	**6,187.6**	**6,261.0**	**-1.2%**
Hotel EBITDA	726.7	720.6	0.8%
Net Rental Income	172.9	181.0	-4.5%
Management Fee Income from Champion REIT	359.5	344.4	4.4%
Distribution Income from Champion REIT^	928.0	871.6	6.5%
Distribution Income from LHI^	270.2	300.8	-10.2%
Distribution Income from the U.S. Fund^	-	280.6	n.a.
Operating income from other operations	215.6	244.9	-12.0%
Operating Income from core business	**2,672.9**	**2,943.9**	**-9.2%**
Depreciation	(178.1)	(153.2)	16.3%
Realised gain on disposal of US properties	-	398.2	n.a.
Impairment on loan receivables	-	(199.1)	n.a.
Impairment on an available-for-sale investment	(127.4)	-	n.a.
Administrative and other expenses	(438.4)	(377.7)	16.1%
Other income	59.9	62.3	-3.9%
Interest income	70.5	42.1	67.5%
Finance costs	(139.4)	(134.0)	4.0%
Share of results of joint ventures	(26.6)	(20.2)	31.7%
Share of results of associates	0.6	0.4	50.0%
Core profit before tax	**1,894.0**	**2,562.7**	**-26.1%**

	Year ended 31 December		
	2017 ***HK$ million***	**2016** ***HK$ million***	**Change**
Income Taxes	5.0	(530.8)	n.m.
Core profit after tax	**1,899.0**	**2,031.9**	**-6.5 %**
Non-controlling interests	1.0	(9.4)	n.m.
Core profit attributable to equity holders	**1,900.0**	**2,022.5**	**-6.1%**

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

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

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

31 December 2017

	Assets	**Liabilities**	**Net Assets**
	HK$ million	***HK$ million***	***HK$ million***
Great Eagle operations	**35,644**	**10,090**	**25,554**
Champion REIT	**51,536**	**11,411**	**40,125**
LHI	**12,220**	**4,489**	**7,731**
The U.S. Fund	**1,387**	**873**	**514**
	100,787	**26,863**	**73,924**

31 December 2016

	Assets	Liabilities	Net Assets
	HK$ million	*HK$ million*	*HK$ million*
Great Eagle operations	31,592	8,185	23,407
Champion REIT	44,784	11,228	33,556
LHI	11,652	4,424	7,228
The U.S. Fund	1,068	645	423
	89,096	24,482	64,614

Financial Figures based on Statutory Accounting Principles

	Year ended 31 December		
	2017 ***HK$ million***	**2016** ***HK$ million***	**Change**
Revenue based on statutory accounting principles			
Hotels Division	5,490.7	5,268.3	4.2%
Gross Rental Income	227.6	243.5	-6.5%
Other operations (including management fee income from Champion REIT)	804.2	849.4	-5.3%
Gross Rental income - Champion REIT	2,699.9	2,557.1	5.6%
Gross Rental income - LHI	694.1	706.4	-1.7%
Gross Rental income - U.S. Fund	182.7	242.8	-24.8%
Elimination on Intragroup transactions	(1,151.1)	(1,219.0)	-5.6%
Consolidated Total Revenue	**8,948.1**	**8,648.5**	**3.5%**
Hotel EBITDA	726.7	720.6	0.8%
Net Rental Income	172.9	181.0	-4.5%
Operating income from other operations	575.1	589.3	-2.4%
Net Rental income - Champion REIT	1,906.4	1,783.3	6.9%
Net Rental income - LHI	580.7	593.7	-2.2%
Net Rental income - U.S. Fund	46.4	44.4	4.5%
Elimination on Intragroup transactions	(12.8)	(9.3)	37.6%
Consolidated Operating Income	**3,995.4**	**3,903.0**	**2.4%**
Depreciation	(620.3)	(590.4)	5.1%
Fair value changes on investment properties	10,876.4	2,530.7	329.8%
Fair value changes on derivative financial instruments	(65.3)	52.2	n.m.
Fair value changes on financial assets at fair value through profit or loss	57.0	1.1	n.m.
Impairment on an available-for-sale investment	(127.4)	-	n.a.
Impairment on loan receivable	-	(199.1)	n.a.
Administrative and other expenses	(458.1)	(449.1)	2.0%
Other income	104.9	51.6	103.3%
Interest income	89.9	56.0	60.5%
Finance costs	(660.0)	(643.9)	2.5%
Share of results of joint ventures	(26.6)	(20.2)	31.7%
Share of results of associates	0.6	0.4	50.0%
Statutory profit before tax	**13,166.5**	**4,692.3**	**180.6%**

	Year ended 31 December		
	2017 ***HK$ million***	**2016** ***HK$ million***	**Change**
Income Taxes	(377.6)	(572.6)	-34.1%
Statutory profit after tax	**12,788.9**	**4,119.7**	**210.4%**
Non-controlling interests	(145.8)	(201.6)	-27.7%
Non-controlling unitholders of Champion REIT	(3,825.2)	(1,148.3)	233.1%
Statutory profit attributable to equity holders	**8,817.9**	**2,769.8**	**218.4%**

OVERVIEW

The opening of the Group's first Cordis hotel in China, the Cordis, Hongqiao, Shanghai in May 2017 marked another important milestone in our long term strategy to expand our asset base, and at the same time, to permeate our hotel group's global footprint and international brand recognition. As for the Group's results, while an increase in fair value of investment properties boosted profit prepared under statutory accounting principles in 2017, the following management's discussion and analysis focuses on the core profit of the Group, which is exclusive of fair value changes.

Despite the absence of major disposal gains which were included in 2016's core profit, 2017's core profit was enhanced by the booking of a significant one-off income tax benefit for our U.S. businesses as a result of the tax reform. Nevertheless, there was still a decline in the Group's core profit, which dropped by 6.1% to HK$1,900.0 million in 2017 (2016: HK$2,022.5 million), the decline was due to a HK$127.4 million write-off in relation to a non-core investment in a renewable energy startup company. Such write-off was reflected as impairment on an available-for-sale investment in 2017's core profit.

The Group's core operating income decreased by 9.2% to $2,672.9 million in 2017 (2016: HK$2,943.9 million), as 2016's core operating income included a distribution income from the U.S. Fund after it disposed of its office properties. Excluding the impact of a distribution income from the U.S. Fund, the Group's core operating income was steady in 2017 as the growth in our major profit-contributing businesses offset lower operating profit of other business divisions.

Income from Champion REIT, which comprised distribution and management fee income from Champion REIT, rose by 5.9% to HK$1,287.5 million in 2017 (2016: HK$1,216.0 million), as rising rental rates have lifted rental income across all of the Champion REIT's properties in 2017.

There was only a modest growth in EBITDA of the Hotels Division, which rose by 0.8% to HK$726.7 million in 2017 (2016: HK$720.6 million), as the start-up operational loss and a one-off pre-opening charge amounting to HK$61.9 million for Cordis, Hongqiao offset the majority of the improvement in the performance of other hotels. Excluding the impact of Cordis, Hongqiao, EBITDA would have increased by 9.4% to HK$788.6 million in 2017. The improvement in the performance of existing hotels was led by the improved revenue and margin expansion of The Langham, London, as well as the improvement in North American hotels.

Distribution income from LHI dropped by 10.2% to HK$270.2 million in 2017, as increased finance cost and cash tax payment, as well as a drop in business due to the renovation works at Eaton hotel lowered LHI's income available for distribution. There was also a 4.5% decline in net rental income from our investment properties in 2017 after the disposal of the Group's remaining office property in the U.S. in January 2017.

While there was a distribution declared by the China Fund in 2017, in which we have an investment stake and its distribution is included in operating income from other operations, there was still an overall decline in the Group's operating income from other operations in 2017. The decline was due to a high base for comparison, as 2016's results included a disposal management fee income from the U.S. Fund.

Administrative and other expenses increased by 16.1% to HK$438.4 million in 2017 (2016: HK$377.7 million), mostly attributable to the increased headcount mainly for the Project Management and Development team as the Group carried out more development projects.

Share of results of joint ventures in 2017 comprised of returns from our 50% interest in the Dalian project and our investment in a residential development project in Miami, U.S. The share of losses of joint ventures amounted to HK$26.6 million in 2017 (2016: loss of HK$20.2 million), reflecting the share of results incurred from the recognition of 40 apartments of the Dalian development project during the period. There was also a small loss booked for the Miami project, which was mainly attributable to marketing and administrative expenses incurred.

Core profit before tax dropped by 26.1% to HK$1,894.0 million in 2017 (2016: HK$ 2,562.7 million). However, as a result of the tax reform in the United States, this produced a significant one-off income tax benefit for the Group's U.S. operations in 2017. Given the income tax benefit generated by the U.S. operations more than offset taxes incurred in the Group's other businesses, there was an overall tax income amounted to HK$5.0 million for the Group in 2017 as compared with a tax expense of HK$530.8 million in 2016. After adding a tax income in 2017, core profit attributable to equity holders dropped by 6.1% to HK$1,900.0 million in 2017 (2016: HK$2,022.5 million).

BUSINESS REVIEW

Breakdown of Core Operating Income	Year ended 31 December 2017 *HK$ million*	 2016 *HK$ million*	Change
1. Hotels Division	726.7	720.6	0.8%
2. Income from Champion REIT	1,287.5	1,216.0	5.9%
3. Distribution Income from LHI	270.2	300.8	-10.2%
4. Rental Income from Investment properties	172.9	181.0	-4.5%
5. Operating income from other operations	215.6	244.9	-12.0%
Operating Income from core business before distribution from U.S. Fund	**2,672.9**	**2,663.3**	**0.4%**
Distribution from U.S. Fund	-	280.6	n.a.
Operating Income from core business	**2,672.9**	**2,943.9**	**-9.2%**

1. HOTELS DIVISION

Hotels Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (local currency)		RevPar (local currency)	
	2017	2016	2017	2016	2017	2016	2017	2016
Europe								
The Langham, London	378	297	77.2%	85.5%	329	304	254	260
North America								
The Langham, Boston	317	318	76.5%	76.7%	300	295	230	226
The Langham Huntington, Pasadena	377	380	70.9%	72.2%	285	283	202	204
The Langham, Chicago	316	316	74.2%	70.9%	380	372	282	263
The Langham, Fifth Avenue, New York^	216	214	78.6%	71.1%	536	543	422	386
Chelsea Hotel, Toronto	1,590	1,590	77.7%	77.0%	160	153	124	117
Australia/New Zealand								
The Langham, Melbourne	388	388	87.1%	86.2%	305	300	266	258
The Langham, Sydney	98	89	82.2%	68.0%	438	435	360	296
Cordis, Auckland*	316	409	90.9%	89.8%	243	206	221	185
China								
The Langham, Xintiandi, Shanghai	356	357	74.9%	73.6%	1,744	1,716	1,306	1,264
Cordis, Hongqiao, Shanghai	279	-	39.4%	-	833	-	348	-

^Rebranded from Langham Place in December 2017

**Rebranded from The Langham in November 2017*

	Year ended 31 December		
	2017	**2016**	
	HK$ million	***HK$ million***	**Change**
Hotel Revenue			
Europe	**529.3**	466.7	13.4%
North America	**2,048.9**	1,975.3	3.7%
Australia/New Zealand	**804.9**	763.0	5.5%
China	**410.1**	343.7	19.3%
Others (including hotel management fee income)	**164.5**	166.3	-1.1%
Total Hotel Revenue	**3,957.7**	3,715.0	6.5%
Hotel EBITDA			
Europe	**120.1**	101.1	18.8%
North America	**297.9**	278.0	7.2%
Australia/New Zealand	**132.1**	129.2	2.2%
China	**71.9**	103.4	-30.5%
Others (including hotel management fee income)	**104.7**	108.9	-3.9%
Total Hotel EBITDA	**726.7**	720.6	0.8%

Revenue of the Hotels Division, which comprised eleven hotels and other Hotels Division related businesses such as hotel management fee income, increased by 6.5% to HK$3,957.7 million in 2017. EBITDA of the Hotels Division recorded only a modest rise of 0.8% to HK$726.7 million in 2017. The growth in EBITDA was even higher at 9.4% before accounting for the ramp up stage operational loss and a one-off pre-opening charge amounting to HK$61.9 million for Cordis, Hongqiao, which was included in the results of hotels in China. It should be noted that the hotel in downtown Washington, D.C., USA is still undergoing renovation and has been closed throughout 2017.

In North America, the growth in EBITDA was led by the improved revenue and margin expansion at The Langham, Fifth Avenue hotel in New York (rebranded from Langham Place in December 2017), as its operations have improved after its renovation and reconfiguration works which were completed in mid-2017. Performance continued to pick up at The Langham, Chicago, as a relatively new hotel and at the Chelsea hotel in Toronto, where EBITDA margin improved further as business regained momentum after its renovation works. However, The Langham Huntington, Pasadena in Los Angeles, U. S. faced challenging market conditions and there was a decline in its EBITDA in the 2017. Overall, total revenue of the hotels in North America increased by 3.7% in 2017, the growth in EBITDA was higher at 7.2% for the period.

The Langham, Melbourne and The Langham, Sydney both witnessed strong revenue growth in 2017, while operations were impacted by renovation works at Cordis, Auckland (rebranded from The Langham in November 2017). Overall, total revenue of the hotels in Australia/New Zealand increased by 5.5% in 2017, which has factored in a 2% to 4% appreciation in the average exchange rate of the Australian and New Zealand dollars. EBITDA of the hotels in Australia/New Zealand grew by 2.2% in 2017.

The Langham, London benefitted from an increase in the number of available rooms after its renovation to 110 of its rooms was completed in the third quarter of 2016. In local currency terms, revenue of the hotel increased by 18.7% in 2017. However, given a 4.4% depreciation in the average exchange rate of the British pound in 2017, revenue in Hong Kong dollar terms rose by only 13.4%. EBITDA growth was 18.8% in terms of the Hong Kong dollar.

Performance of the hotels in China comprised results of The Langham, Xintiandi and Cordis, Hongqiao, Shanghai. While there was improvement in the performance in The Langham, Xintiandi, the increase was not enough to offset the operational loss incurred and the booking of a pre-opening charge for Cordis, Hongqiao in 2017. Total revenue of the hotels in China, which included approximately seven months of revenue contribution from Cordis, Hongqiao, increased by 19.3% in 2017 in Hong Kong dollar terms, and EBITDA has declined by 30.5%.

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. The decrease in "Others" in 2017 was due to a high base for comparison 2016's results included a one-off termination fee from two pipeline hotels. Management fee income from existing hotels had increased in 2017 as operations of the newly added managed hotels ramped up. There was also an increase in shortfall incurred as the lessee of LHI, as the performance of the Hong Kong hotels was impacted by renovation works at Eaton, Hong Kong in 2017.

Please note that year-on-year growths for our hotels below refer to percentage growth in local currencies.

EUROPE

The Langham, London

The hotel witnessed a 24% growth in room revenue in 2017, as it benefitted from an increased number of available rooms after the renovation of 110 rooms completed in the third quarter of 2016. The renovated rooms also helped the hotel to command a 8% increase in average room rate. However, occupancy of the hotel dropped by 8 percentage points as a result of a surge in the number of available rooms raised the denominator for calculating occupancy rate. Revenue from food and beverage ("F&B") rose by 15%, driven by increased banqueting business. It is worth noting that, the new Wigmore bar, which opened in August 2017, has received good publicity and positive feedback.

NORTH AMERICA

The Langham, Boston

Against a slow demand from the corporate segment, the hotel strategically targeted at high yielding retail leisure during the period, which helped the hotel to deliver a 2% increase in average room rate in 2017. However, as overall demand remained weak, there was a drop of 0.2 percentage point in occupancy in 2017. Revenue from F&B was lower as compared with last year, as the improvement in banquet business from corporate meetings and events was not enough to offset the reduction in restaurant business. Plan for overall renovation is being studied.

The Langham Huntington, Pasadena
The hotel faced challenging market conditions given the absence of citywide events. As demand from both the corporate and retail segments remained weak, the hotel targeted high yielding corporate group business in 2017, which helped lift the average room rate by 1% in 2017. Occupancy dropped by 1 percentage point in 2017. Revenue from F&B dropped by 9% in 2017, attributable to lower catering business from corporate meetings and conferences. Renovation of parts of the hotel will be planned in 2018.

The Langham, Chicago
After receiving multiple prestigious accolades in the lodging industry thanks to its luxurious product and services, the hotel has firmly established itself as one of the most luxurious hotel in Chicago. This also helped the hotel to gain further market share as convention activities picked up in 2017. Average room rate rose by 2% in 2017, while occupancy rose by 3 percentage points. Revenue from F&B rose by 4%, driven by increased catering business from the corporate segment. In 2017, The hotel has been named the best hotel in the U.S. by U.S. News & World Report, as well as the most luxurious hotel in Chicago by TripAdvisor.

The Langham, Fifth Avenue, New York (rebranded from Langham Place in December 2017)
The hotel benefitted from improved demand from both the retail and corporate segments in 2017, and occupancy rose by 8 percentage points in 2017. As competitions remained keen over the period, average room rate dropped by 1%. Conversion work to subdivide the less occupied suites into 20 rooms was completed in June 2017, resulting in a net addition of 18 rooms to the inventory. The hotel was rebranded under The Langham brand on 1 December 2017. The hotel has been named the best hotel in New York by Condé Nast Traveler in 2017.

Revenue from F&B dropped by 4% in 2017, as banquet business was affected by the noise disruption from renovation works and the conversion of the bar area into retail rental space. The conversion was completed in 2017 and the retail space has been successfully leased out in the second quarter of 2017.

Chelsea Hotel, Toronto
Given the strong convention activities in the city, the hotel strategically targeted at high yielding corporate and group travellers during the period, which helped lift the average room rate by 5% in 2017. Despite the focus on maximising room rate during 2017, occupancy of the hotel only managed to remain steady in the year. Revenue from F&B rose by 7%, driven by stronger restaurant business as well as improved banqueting business from corporate meetings and events. Redevelopment of the entire site into a mixed-use project that includes a hotel and condominiums is being studied in detail.

AUSTRALIA/NEW ZEALAND
The Langham, Melbourne
The hotel witnessed improvement in demand from both the corporate and retail segments in 2017, which enabled the hotel to increase its average room rate by 2% over the period. There was also a 1 percentage point increase in occupancy in 2017. Revenue from F&B rose 9% as both catering and restaurant business improved. Plan for overall renovation is being studied.

The Langham, Sydney
The operations of the hotel continued to ramp up since its re-opening after a major renovation. There was a marked improvement in the occupancy of the hotel as the hotel was well received by retail travellers. Occupancy rose by 14 percentage points in 2017. As there were 98 available rooms in 2017 as compared with 89 in 2016 when some rooms underwent rectification works, room revenue increased by 33% in 2017. Revenue from F&B rose 1% in 2017 with steady banqueting and restaurant business. Inclusion of an all day dining restaurant is being studied.

Cordis, Auckland (Rebranded from The Langham in November 2017)

The hotel witnessed very strong demand from the corporate segment, as a number of large scale convention events were held in the city during 2017. The hotel's strategy of focusing on high yielding corporate and leisure travellers helped the hotel to deliver a 18% increase in its average room rate in 2017, while occupancy rose by 1 percentage point. Revenue from F&B dropped by 6%. The hotel commenced refurbishment for its rooms and main lobby area in the second half of 2017. Such work was scheduled for completion in the first quarter of 2018.

CHINA

The Langham, Xintiandi, Shanghai

Although corporate demand was slow during 2017, the hotel focused on retail leisure business during the period. This strategy enabled the hotel to improve on its occupancy, which rose by 1 percentage point in 2017, whereas average room rate rose by 2% during the period. On the other hand, there was a significant growth in revenue from F&B, which rose by 17% during the period. The increase was driven by growth in business from the Chinese restaurant, which has received the prestigious Michelin three-star rating this year.

Cordis, Hongqiao, Shanghai

The hotel launched its soft opening in May 2017 with half of its room inventory and all of its 396 rooms were available by September 2017. Both room and F&B businesses are gradually gaining momentum as the hotel has established its brand awareness in the market.

HOTEL MANAGEMENT BUSINESS

As at the end of 2017, there were seven hotels with approximately 2,200 rooms in our management portfolio. The most recent hotel added to the portfolio was The Langham hotel in Haikou with 249 rooms. There is currently a pipeline of managed hotels, which will start rolling in from 2018 onwards.

2. INCOME FROM CHAMPION REIT

The Group's core profit is based on attributable distribution income and management fee income from Champion REIT in respect of the same financial period. On that basis, total income from Champion REIT in 2017 rose by 5.9% year-on-year to HK$1,287.5 million. Management fee income, which included asset management income from Champion REIT, rose by 4.4% year-on-year to HK$359.5 million in 2017. Whilst distribution per unit declared by Champion REIT rose by 5.7% in 2017 as compared with 2016, our attributable dividend income from Champion REIT rose by 6.5% as compared with 2016 as a result of our increased holdings in Champion REIT from 65.50% as at the end of 2016 to 65.69% as at the end of 2017.

	Year ended 31 December		
	2017 ***HK$ million***	**2016** ***HK$ million***	**Change**
Attributable Dividend income	928.0	871.6	6.5%
Management fee income	359.5	344.4	4.4%
Total income from Champion REIT	**1,287.5**	**1,216.0**	**5.9%**

The following texts were extracted from the annual results announcement of Champion REIT for the year of 2017 relating to the performance of the REIT's properties.

Three Garden Road

In spite of softer demand in the second and third quarters, performance of Three Garden Road remained stable throughout 2017. As at 31 December 2017, occupancy at the property reached 94.2% (92.4% as at 30 June 2017). The property continued to achieve significant positive rental reversions in 2017 and drove rental income growth of 6.4% to reach HK$1,232 million (2016: HK$1,157 million). Passing rents surged 18.3% to HK$92.52 per lettable sq. ft. from HK$78.20 per lettable sq. ft. as at 31 December 2016. Net property income for Three Garden Road during 2017 increased by 7.0% to HK$1,112 million (2016: HK$1,040 million) as a result of higher rentals.

Langham Place Office Tower

The property's total rental income for 2017 rose 5.9% to HK$344 million (2016: HK$325 million). Positive rental reversions as well as higher rental from tenant mix rebranding continued to contribute to stable income growth. The latest achieved rents have surpassed HK$50 per sq. ft. based on gross floor area. Occupancy level as at 31 December 2017 also remained high at 97.1% and tenant negotiations regarding the rental of several available spaces have now reached an advanced stage. Net property income rose by 7.8% to reach HK$318 million (2016: HK$295 million).

Langham Place Mall

Langham Place Mall's total rental income for 2017 rose 4.7% to HK$856 million (2016: HK$817 million). Our active asset management strategy resulted in significant growth of turnover rent while base rent remained stable. The record high turnover rent of HK$116 million (2016: HK$86 million) was driven by the solid sales performance of the mall's beauty and skincare segments. The average passing base rent for Langham Place Mall as at 31 December 2017 stood at HK$176.71 per lettable sq. ft. Net property income for 2017 rose 6.4% to HK$736 million (2016: HK$692 million).

3. DISTRIBUTION INCOME FROM 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.

While the performances of the The Langham, Hong Kong and Cordis, Hong Kong have improved in 2017, as Eaton's renovation has started in July 2017, this has decreased the food and beverage income of the Eaton hotel drastically in 2017.

In 2017, LHI declared a 12.8% decline in distributable income as higher cash tax and interest payments, as well as renovation works at Eaton reduced its income available for distribution. However, our share of distribution income received from LHI only declined by 10.2%, as more of our units held are entitled to distribution in 2017. In 2017, distribution entitlement in respect of our 50 million share stapled units held will be waived, which has dropped by 50% as compared with that in 2016. It should be noted that all of our holdings will be entitled to receive distribution payable from 2018 onwards.

	Year ended 31 December		
	2017 ***HK$ million***	**2016** ***HK$ million***	**Change**
Attributable Distribution income	**270.2**	300.8	-10.2%

Performances of the Hong Kong hotels below were extracted from the 2017 annual results announcement of LHI relating to the performance of the trust group's properties.

	Average Daily Rooms Available		**Occupancy**		**Average Room Rate (in HK$)**		**RevPar (in HK$)**	
	2017	2016	2017	2016	2017	2016	2017	2016
The Langham, Hong Kong	498	498	88.8%	87.7%	2,135	2,092	1,895	1,834
Cordis, Hong Kong	663	653	93.9%	89.8%	1,660	1,653	1,559	1,485
Eaton, Hong Kong	465	465	94.4%	95.6%	986	992	931	948

The Langham, Hong Kong

The Langham, Hong Kong, witnessed a growth of 13.5% in arrivals from Mainland China, as well as keen demand in arrivals from Australia and New Zealand in 2017. However, arrivals from other major geographical regions were relatively weak in 2017. Therefore, there was only a 1.1 percentage points improvement in occupancy for the hotel. As average room rate increased by 2.1%, there was a 3.3% increase in RevPar for the Hotel in 2017. Revenue from F&B rose by 4.0% year-on-year in 2017.

Cordis, Hong Kong

At Cordis, Hong Kong, other than growth in arrivals from China, the Hotel also witnessed growth from arrivals across majority of other key markets including Europe and the U.S. The aggregate growth in arrivals was in part due to a low base effect last year, when occupancy was negatively impacted by nearby protests during the Chinese New Year in 2016. Despite the increase in occupancy, room rates remained suppressed but there was a slight increase in average room rate in 2017, and the hotel recorded a 5.0% increase in RevPar in 2017. Revenue from F&B increased 2.8% year-on-year in 2017.

Eaton, Hong Kong

The Eaton, Hong Kong's performance was negatively impacted by a relatively large scale renovation taking place at the hotel throughout the second half of 2017. While the hotel managed to accommodate a 10.7% increase in arrivals from Mainland China, arrivals from most of the other major geographical countries witnessed a decline in 2017. As the renovations negatively affected room demand, there was a 1.2 percentage points drop in occupancy in 2017, while average room rate dropped by 0.6% resulting in a 1.8% decline in RevPar in 2017. Revenue from F&B at the Eaton, Hong Kong, dropped by 46.8% year-on-year in 2017.

4. RENTAL INCOME FROM INVESTMENT PROPERTIES

	Year ended 31 December		
	2017 *HK$ million*	**2016** *HK$ million*	**Change**
Gross rental income			
Great Eagle Centre	139.1	139.6	-0.4%
Eaton Residence Apartments	53.7	51.2	4.9%
Others*	34.8	52.7	-34.0%
	227.6	**243.5**	**-6.5%**
Net rental income			
Great Eagle Centre	136.2	137.2	-0.7%
Eaton Residence Apartments	34.6	31.7	9.1%
Others*	2.1	12.1	-82.6%
	172.9	**181.0**	**-4.5%**

** Rental income of the 2700 Ygnacio property in the U.S. was included in "Others" and was sold in early 2017.*

Great Eagle Centre
Although occupancy looked as though it has improved a lot as compared with that reported as of December 2016, the increase in occupancy from 95.3% as of December 2016 to 100.0% as of December 2017 was primarily due to a reduction of available lettable area, where the Group took up more space for its in-house expansion. Excluding the owner-occupied portion, there was only a very modest increase in office space leased to third parties as of December 2017, as compared with that a year ago.

Nonetheless, momentum has picked up at Great Eagle Centre and there was an increase in Great Eagle Centre's office spot rents in 2017. Average passing rent for the leased office space at the Great Eagle Centre increased from HK$66.2 per sq. ft. as of December 2016 to HK$67.2 per sq. ft. as of December 2017. Primarily as a result of additional area taken up for the Group's expansion, there was a small decrease in the gross rental income for the Great Eagle Centre, which dropped by 0.4% to HK$139.1 million in 2017, whereas net rental income decreased by 0.7% to HK$136.2 million.

Office space at Great Eagle Centre	As at the end of December 2017	December 2016
	(sq. ft.)	(sq. ft.)
Total lettable area	**173,308**	173,308
Space occupied by the Group and its subsidiaries	**42,945**	38,097
Lettable area used for the calculation of operating statistics (a)	**130,363**	135,211
Occupancy (b)	**100.0%**	95.3%
Office space occupied by third parties (a) x (b)	**130,363**	128,896

	As at the end of December 2017	December 2016	Change
Office (on lettable area)			
Occupancy	**100.0%**	95.3%	*+4.7ppt*
Average passing rent	**HK$67.2**	HK$66.2	*1.5%*
Retail (on lettable area)			
Occupancy	**99.3%**	99.3%	-
Average passing rent	**HK$98.4**	HK$99.3	*-0.9%*

Eaton Residence Apartments

As demand returned from corporate and leisure segments, all three serviced apartments witnessed improvement in occupancy in 2017, overall occupancy of the three serviced apartments increased from 78.8% in 2016 to 83.4% in 2017. However, as competitions remained keen, average rental rates remained under pressure in 2017 and dropped by 1.5% to HK$47.5 per sq. ft. on gross floor area in 2017. As the increase in occupancy was more than enough to offset the decline in average rental rates, gross rental income rose by 4.9% year-on-year to HK$53.7 million in 2017. Net rental income increased by 9.1% year-on-year to HK$34.6 million in 2017.

	Year ended 31 December 2017	2016	Change
(on gross floor area)			
Occupancy	**83.4%**	78.8%	*+4.6ppt*
Average passing rent	**HK$47.5**	HK$48.2	*-1.5%*

5. OPERATING INCOME FROM OTHER OPERATIONS

The Group's operating income from other business operations included asset management fee income from the management of the U.S. Fund and a development project in Dalian, property management and maintenance income, distribution income for investment in the China Fund, trading income from our trading and procurement subsidiaries and dividend income from securities portfolio or other investments.

In 2017, operating income from other business operations dropped by 12.0% to HK$215.6 million. While there was a distribution declared by the China Fund, (which is managed by China Orient and offers financing to companies in China) in which we have an investment stake, there was still an overall decline in the Group's operating income from other operations in 2017. The decline was due to a high base for comparison, as 2016's results included a disposal management fee income from the U.S. Fund.

OVERVIEW OF OTHER BUSINESSES

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 2017, the Group held 49.97% interest in the U.S. Fund and acts as the fund's key asset manager with a 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, the Fund has already disposed of three office buildings with attractive returns. The progress of other projects still held by the Fund are as follows:

The Austin, San Francisco
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, and within easy reach from the burgeoning technology cluster in Mid-Market. The development with gross floor area of approximately 135,000 sq. ft. will comprise 100 studio, 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$90 million.

Construction work on the site had started in the first quarter of 2016 and the topping off of the building was celebrated in November 2016. The development project has completed in December 2017 and as at the end of 2017, 16 out of a total of 53 pre-sold residential units have been handed over to buyers. The remaining presold units will be handed over to buyers after completion of thorough quality checks.

Cavalleri, Malibu
We completed the acquisition of the residential property in Malibu, California in September 2015 for US$62 million. The strategy is to reposition its 68 rental apartment units to 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 have been commenced since the second quarter of 2016 after the vacant possession of all units. Refurbishment on the Cavalleri is expected to complete in the first quarter of 2018, due to a delay from our original target completion date in late 2017 as we have decided to transition construction works to a higher quality general contractor. The project has been launched to the market for an en-bloc transaction targeting institutional and overseas buyers given the high quality of the project and its coveted location.

Dexter Horton, Seattle
The office building in Seattle that the U.S. Fund 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 rentable floor area of 336,355 sq. ft. 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. Since the completion of the acquisition, the Fund had successfully completed its value-added strategy on this building by reshuffling the tenant mix towards more of tenants from technology sector who pay higher rents. As technology companies are still expanding in down town Seattle, rental rates have been trending up in 2017 and the Fund anticipates there will be further rental increases going forward. Hence, instead of putting the building on offer, the Fund has decided to retain the property for the time being.

In 2017, the Group booked HK$7.3 million (2016: HK$89.6 million) for our share of asset and property management fee income from the U.S. Fund, which was included under "Other Operations" in the Group's operating income. The decrease in asset and property management fee income was due to a high base effect, as 2016's income included the booking of a disposal fee income on the disposal of three office properties.

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.

In terms of development progress, the foundation works were completed in July 2017. The main superstructure works, which commenced since July 2017 is still being built and topping-out of the buildings is expected to take place in late 2018. The project is expected to complete in early 2020 with presale of the residential apartments will be in 2019 at the earliest. The total development 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 sq. m. and comprises 1,200 high-end apartments and a luxury hotel of approximately 360 rooms. The Group has an equity interest in the project, investment in the preferred shares of the project and acts as the project manager. The project is developed in two phases: Phase I comprises approximately 800 apartments and Phase II comprises the remaining apartments and the hotel. While Phase I development is expected to complete in 2018, Phase II has been placed on hold awaiting demand to strengthen. The Group's share of net asset value in the project, including HK$661.5 million invested in the preferred shares of the project with a fixed rate of return, was HK$1,178 million as at the end of 2017.

While average selling price remained steady at approximately RMB17,000 per sq. m. in 2017, sales volume had a significant pickup with 158 apartments sold in the year, including 115 apartments sold under presale contracts and bringing cumulative sales to 395 apartments as at the end of 2017, which represents 49% of the total Phase I unit count.

Although majority of the sales are at presale stage, only 40 apartments were completed and handed over to buyers in 2017. As gross profits were recognised for only 40 apartments in 2017, such profit turned into a loss after providing for administrative and marketing expenses, as well as a disproportionate share of the estimated land appreciation tax, leading to an after-tax loss of HK$23.1 million in 2017 for our interest in the project. Our share of the loss was included under share of results of joint ventures in the core profit of the Group for the year.

Japan

Tokyo Hotel Redevelopment Project
In June 2016, the Group completed the acquisition of a hotel redevelopment site situated in Roppongi, Tokyo for JPY22.2 billion. The site with an initial estimated gross floor area of approximately 350,000 sq. ft. is located in close proximity to the landmark Roppongi Hills Midtown. In an effort to expand the size of the development, the Group has acquired three small sites which are located adjacent to our acquired site. After these small parcels of land acquisition, the total floor area has been expanded to about 370,000 sq. ft. As for the progress of the development, demolition works on the sites have been completed. The development plan for the hotel is being redesigned to account for the additional footage after the acquisition of the adjoining parcels of land and to meet city planning comments.

World renowned architect, Kengo Kuma & Associates has been commissioned to design this 250-key flagship The Langham Hotel in Central Tokyo. The total investment cost is expected to be approximately JPY 49 billion and will be mostly funded by bank loans with a low interest rate.

United States

Hotel Redevelopment Project in Washington D.C.
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. The design for the hotel will cater for the targeted travellers' strong preferences for a more interactive-based stay. In addition to introducing more open and communal space, there will also be co-working space to reflect the changing needs of the modern travellers. The renovation work of the guest rooms which has commenced since the first quarter of 2017 has been mostly completed by the end of 2017, whereas the public space and co-working space are being redesigned to accommodate more event space and to better reflect Eaton's standards. As a

result of fine-tune on the design, soft opening of the hotel is expected to be in mid-2018 as compared with the early 2018 previously planned.

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 Mid-Market district and is situated opposite to San Francisco's City Hall and at close proximity to numerous cultural venues. The Central Market area has transformed rapidly in recent years amid increasing presence interest of global headquarters of technology companies such as Twitter, Uber and Square Dolby and the advent of up an coming hospitality brands, including Proper Hotel, Yotel, and The Standard hotel. 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 originally planned to be developed as a 150-key hotel with collaborative work space, and the key counts can be increased to 180-key after a revised design, the new plan will be submitted to the city's planning department for approval. Construction of the project will start after the development rights for the hotel are approved by the city's planning department. The famous AvroKO group has been commissioned as the interior designer for this iconic Eaton Hotel project. Assuming development approval will be granted in 2018, construction would start in 2018/2019 with opening of the hotel targeted in 2021/2022.

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 new central business district in the South of Market (SOMA) 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 luxury The Langham Hotel with approximately 240 rooms and approximately 65 condominiums with 100,000 net sq. ft. for sale. The world renowned international architecture firm Renzo Piano Building Workshop has been commissioned to design this prestigious project in collaboration with the acclaimed California architect Mark Cavagnero Associates.

After resubmission of the design of the project, which further maximises the efficiency of floor area, has been approved by the city's planning department. We expect the general contractor bids will be received by March 2018 and construction of the project can start in the second quarter of 2018 with completion to be in 2021/2022.

Seattle Development Project, 1931 Second Avenue
The Group acquired a site in downtown Seattle for US$18 million in December 2016. The site is located at one of the highest points of downtown Seattle and near the famous Pike Place market. The site has an area of approximately 19,400 sq. ft. Although the Seattle site has already been granted for the development of a hotel, we are evaluating an opportunity to expand the development's floor area, and incorporate some residential or commercial components to the project, so as to further enhance the financial attractiveness of the project. We have again brought in world renowned architect, Kengo Kuma & Associates, to design this landmark mixed use development project.

OUTLOOK

While global economic growth is expected to pick up further in 2018, significant risks still remain. The U.S. Federal Reserve is raising interest rates, whereas European Central Bank policymakers have recently commented that they are open to adjusting their policy guidance to align more with a strengthening economy. The proposed relatively rapid shrinking of the balance sheet by the Federal Reserve and other central banks would put a brake on the asset bubble observed worldwide driven by quantitative easing measures previously launched. Hence, the withdrawal of government stimulus from major central banks, in addition to heightened geopolitical uncertainties, could weigh on the environment in which we operate in. Therefore, although our business are well positioned to benefit from an improving global economy, the spike in global market volatility in early February was an early warning sign, therefore we must remain vigilant and will be ready to respond to any slowdown in our business.

As for the Hotels Division, EBITDA of the overseas hotels in 2018 should improve as operations at Cordis, Hongqiao, continue to ramp up and revenue and profitability of the hotel will improve in 2018. Meanwhile, growth momentum should remain intact with our recently renovated hotels in The Langham, New York, The Langham, London, The Langham, Sydney and Cordis, Auckland. The above improvement should offset the negative impact from renovation works to be undertaken at The Langham, Melbourne, The Langham, Boston and The Langham Huntington, Pasadena scheduled in the second half of 2018. It should be noted that there will be a pre-opening charge in the second half of 2018 related to the Eaton, Washington D.C., as the hotel is expected to open in the third quarter of 2018.

For Champion REIT, given that spot rents are still below the passing rents for both Three Garden Road and Langham Place Office Tower, positive rental reversion should continue in the coming year, whereas the recovery of Hong Kong's retail sales in the second half of 2017 improved the operating environment for retailers, which will support performance of the Langham Place Mall in 2018.

For LHI, as the food and beverage outlets and banqueting ballrooms at Eaton, Hong Kong will still be under renovation for several months in the first half of 2018, F&B revenue will still be much lower in the first half of 2018 as compared with that over the same period of the previous year. At the same time, there will also be soft refurbishment for some of the rooms during the second and third quarters of 2018, and this will have a negative impact on Eaton's room revenue in 2018.

Although we expect global economic growth to sustain, it will likely to be accompanied by increased volatility. Nonetheless, the prudent and targeted expansion strategy that we have put in place over the past several years will serve to underpin the Group's growth in earnings for the coming years. In addition, the Group, with its healthy balance sheet and strong recurring cashflow, is well placed to exploit investment opportunities in global markets where asset values are cyclically suppressed.

FINANCIAL REVIEW

DEBT

On statutory basis, after consolidating the results of Champion REIT, LHI and the U.S. Fund, the consolidated net debts of the Group as of 31 December 2017 was HK$22,306 million, an increase of HK$717 million compared to that as of 31 December 2016. Such increase was mainly due to additional loans drawn for development of projects in Japan, Hong Kong and China.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 31 December 2017 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK$64,469 million, representing an increase of HK$8,622 million compared to the value of HK$55,847 million as of 31 December 2016. The increase was mainly attributable to profit for the year.

For statutory accounts reporting purpose, on consolidation the Group is treated as to include entire debts of Champion REIT, LHI and the U.S. Fund. Based on the consolidated net debts attributable to the Group (i.e only 65.69%, 62.29% 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 31

December 2017 was 22.5%. 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 31 December 2017	On Consolidated Basis *HK$ million*	On Core Balance Sheet Basis *HK$ million*
Great Eagle	**819**	**819**
Champion REIT	**13,672**	**-**
LHI	**6,699**	**-**
U.S. Fund	**1,116**	**-**
Net debts	**22,306**	**819**

Net debts attributable to Shareholders of the Group	**14,530**	**819**
Equity Attributable to Shareholders of the Group	**64,469**	**73,924**
Net Gearing ratio^	**22.5%**	**1.1%**

^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 notes) after consolidating Champion REIT, LHI and the U.S. Fund amounted to HK$30,770 million as of 31 December 2017.

Outstanding gross debts(1)(2)	Floating rate debts *HK$ million*	Fixed rate debts *HK$ million*	Utilised facilities *HK$ million*
Secured bank loans	**17,436**	**8,697**(3)	**26,133**(4)
Medium Term Notes	**643**	**3,994**(5)	**4,637**
Total	**18,079**	**12,691**	**30,770**
%	**58.8%**	**41.2%**	**100%**

(1) All amounts are stated at face value.
(2) All debt facilities were denominated in Hong Kong Dollars except for (4) and (5) below.
(3) Included floating rate debts which have been swapped to fixed rate loan. As at 31 December 2017, the Group had outstanding interest rate swap contracts with notional amount HK$6,950 million to hedge the interest rate exposure. The Group also entered into cross currency swaps with notional amount equivalent to HK$1,747 million in total, to mitigate the exposure to fluctuation in both exchange rate and interest rate of Japanese YEN.
(4) Equivalent to HK$6,724 million was originally denominated in other currencies.
(5) Included a US dollars note of principal amount of US$386.4 million, conversion of which was fixed at an average rate of HK$7.7595 to US$1.00.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 31 December 2017, our cash, bank deposits and undrawn loan facilities amounted to a total of HK$14,242 million. The majority of our loan facilities are secured by properties with sufficient value to loan coverage. The following is a profile of the maturity of our outstanding gross debts as of 31 December 2017:

Within 1 year	5.4%
1-2 years	14.6%
3-5 years	63.8%
Over 5 years	16.2%

FINANCE COST

The net consolidated finance cost during the year was HK$636 million in which HK$66 million was capitalised to property development projects. Overall interest cover at the reporting date was 5.6 times.

PLEDGE OF ASSETS

At 31 December 2017, properties of the Group with a total carrying value of approximately HK$64,253 million (31 December 2016: HK$54,923 million and bank deposit HK$631 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2017, the Group had authorised capital expenditure for investment properties and property, plant and equipment of HK$8,795 million (31 December 2016: HK$3,135 million) which had not yet been provided for in these consolidated financial statements. Out of the amount, HK$230 million (31 December 2016: HK$442 million) had been contracted for.

At 31 December 2017, the Group had outstanding financial commitment in respect of capital injection to a joint venture of RMB25.8 million (equivalent to HK$33 million) (31 December 2016: RMB25.8 million).

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

FINAL DIVIDEND AND SPECIAL FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK48 cents per share (2016: HK48 cents per share) and a special final dividend of HK50 cents per share (2016: HK50 cents per share) for the year ended 31 December 2017 to the Shareholders subject to the approval of the Shareholders at the forthcoming 2018 Annual General Meeting (the “2018 AGM”).

Taken together with the interim dividend of HK30 cents per share and a special interim dividend of HK50 cents per share paid on 18 October 2017, the total dividend for the year 2017 is HK$1.78 per share (2016 total dividend: HK$1.25 per share, comprising an interim dividend of HK27 cents, a final dividend of HK48 cents and a special final dividend of HK50 cents).

Shareholders will be given the option to receive the proposed 2017 final dividend of HK48 cents per share in new shares in lieu of cash (the "Scrip Dividend Arrangement") and special final dividend of HK50 cents per share will be paid in the form of cash. The Scrip Dividend Arrangement is subject to: (1) the approval of proposed 2017 final dividend and special final dividend at the 2018 AGM; and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Arrangement will be despatched to the Shareholders together with the form of election for scrip dividend in May 2018. Dividend warrants and share certificates in respect of the proposed 2017 final dividend and special final dividend are expected to be despatched to the Shareholders on 11 June 2018.

CLOSURE OF REGISTERS OF MEMBERS

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

(i) To attend and vote at the 2018 AGM

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the 2018 Annual General Meeting, the Registers of Members will be closed from Wednesday, 18 April 2018 to Tuesday, 24 April 2018, both days inclusive.

In order to be eligible to attend and vote at the 2018 Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (the "Branch Share Registrar") of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 April 2018.

(ii) To qualify for the proposed 2017 final dividend and special final dividend

For the purpose of ascertaining the Shareholders' entitlement to the proposed 2017 final dividend and special final dividend, the Registers of Members will be closed from Wednesday, 2 May 2018 to Monday, 7 May 2018, both days inclusive.

In order to qualify for the proposed 2017 final dividend and special final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar for registration not later than 4:30 p.m. on Monday, 30 April 2018.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2018 AGM of the Company will be held on Tuesday, 24 April 2018. The notice of 2018 AGM together with the 2017 Annual Report and all other relevant documents (the "Documents") will be despatched to the Shareholders before the end of March 2018. The Documents will also be published on the Company's website at www.greateagle.com.hk and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year, the Company has complied with most of the code provisions and where appropriate, adopted some of the recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report ("CG Code"). Set out below are the details of the deviations from the code provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

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

Dr. Lo Ka Shui is the Chairman of the Board and is holding the office of Managing Director of the Company. While this is a deviation from CG Code Provision A.2.1, dual role leadership has been in practice by the Company for decades and has withstood the test of time. The Board considers this arrangement to be appropriate for the Company as it can preserve the consistent leadership culture of the Company and allow efficient discharge of the executive functions of the chief executive. The Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high caliber individuals including five Independent Non-executive Directors and three Non-executive Directors. Meanwhile, the day-to-day management and operation of the Group are delegated to divisional management under the leadership and supervision of Dr. Lo in the role of Managing Director who is supported by the Executive Directors and Senior 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 (the "Bye-laws") requires that one-third of the Directors (other than the Executive Chairman and Managing Director) should retire by rotation, the Non-executive Directors (including the Independent Non-executive Directors) have no fixed term of office. The Board considers that the provisions in the Bye-laws and its corporate governance measures are no less exacting than those prescribed by CG Code Provision A.4.1 and therefore does not intend to take any steps in this regard.

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

Under the existing Bye-laws, the Executive Chairman and Managing Director of the Company are not subject to retirement by rotation. The same provision is contained in The Great Eagle Holdings Limited Company Act, 1990 of Bermuda. As such, Directors who hold the offices of either the Executive Chairman or the Managing Director of the Company are by statute not required to retire by rotation. After due consideration, in particular to the legal costs and procedures involved, the Board considers that it is not desirable to propose any amendment to The Great Eagle Holdings Limited Company Act, 1990 for the sole purpose of subjecting the Executive Chairman and Managing Director of the Company to retirement by rotation. Notwithstanding that Dr. Lo is not subject to retirement by rotation, he will disclose his biographical details in accordance with Rule 13.74 of the Listing Rules in the circular to the Shareholders in relation to the re-election of retiring Directors to be issued before the end of March 2018.

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 2017 Director Development Program provided by the Company.

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.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted its own Code of Conduct regarding Securities Transactions by Directors and Relevant Employees of the Company ("Code of Conduct for Securities Transactions") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules and the same is updated from time to time in accordance with the Listing Rules requirements.

Having made specific enquiry, all Directors and relevant employees of the Company have confirmed that they fully complied with the Code of Conduct for Securities Transactions throughout the year ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities.

NEW SHARES ISSUED

As at 31 December 2017, the total number of issued shares of the Company was 688,590,038. A total of 11,120,203 new shares were issued during the year.

- On 22 June 2017, 7,021,203 new shares were issued at the price of HK$35.94 per share pursuant to the Scrip Dividend Arrangement in respect of the 2016 final dividend. Details of the Arrangement were set out in the announcement published by the Company on 22 May 2017 and the circular to the Shareholders dated 25 May 2017 respectively.

- During the year ended 31 December 2017, 4,099,000 new shares were issued pursuant to exercise of share options under the Share Option Scheme of the Company by Directors and employees of the Company or its subsidiaries.

PUBLIC FLOAT

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

AUDIT COMMITTEE

The final results of the Company for the year ended 31 December 2017 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Dr. LO Ka Shui (Chairman and Managing Director), Mr. LO Hong Sui, Antony, Madam LAW Wai Duen, Mr. LO Chun Him, Alexander, Mr. KAN Tak Kwong (General Manager) and Mr. CHU Shik Pui being the Executive Directors; Madam LO TO Lee Kwan, Mr. LO Hong Sui, Vincent and Dr. LO Ying Sui being the Non-executive Directors; and Mr. CHENG Hoi Chuen, Vincent, Professor WONG Yue Chim, Richard, Mrs. LEE Pui Ling, Angelina, Mr. LEE Siu Kwong, Ambrose and Professor POON Ka Yeung, Larry being the Independent Non-executive Directors.

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

Hong Kong, 28 February 2018

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	**2017** **HK$'000**	2016 HK$'000
Revenue	4	**8,948,104**	8,648,500
Cost of goods and services		**(4,952,689)**	(4,745,415)
Operating profit before depreciation		**3,995,415**	3,903,085
Depreciation		**(620,324)**	(590,428)
Operating profit		**3,375,091**	3,312,657
Other income	6	**194,866**	107,549
Fair value changes on investment properties		**10,876,356**	2,530,733
Fair value changes on derivative financial instruments		**(65,276)**	52,230
Fair value changes on financial assets at fair value through profit or loss		**56,975**	1,113
Impairment loss on an available-for-sale investment		**(127,349)**	-
Impairment loss on loan receivable		**-**	(199,143)
Administrative and other expenses		**(458,133)**	(449,168)
Finance costs	7	**(660,012)**	(643,875)
Share of results of joint ventures		**(26,598)**	(20,190)
Share of results of associates		**570**	438
Profit before tax		**13,166,490**	4,692,344
Income taxes	8	**(377,559)**	(572,598)
Profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	9	**12,788,931**	4,119,746
Profit for the year attributable to:			
Owners of the Company		**8,817,852**	2,769,792
Non-controlling interests		**145,844**	201,626
		8,963,696	2,971,418
Non-controlling unitholders of Champion REIT		**3,825,235**	1,148,328
		12,788,931	4,119,746
Earnings per share:	11		
Basic		**HK$12.83**	HK$4.10
Diluted		**HK$12.74**	HK$4.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017	2016
	HK$'000	HK$'000
Profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	**12,788,931**	4,119,746
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Fair value changes on available-for-sale investments	**174,993**	(16,198)
Reclassification adjustment upon disposal of available-for-sale investments	**(2,043)**	(344)
Exchange differences arising on translation of foreign operations	**419,957**	(330,570)
Share of other comprehensive income (expense) of joint ventures	**58,284**	(44,743)
Share of other comprehensive income of associates	**13,062**	15,437
Cash flow hedges:		
Fair value adjustment on cross currency swaps and interest rate swaps designated as cash flow hedges	**(39,856)**	105,378
Reclassification of fair value adjustments to profit or loss	**3,626**	(3,552)
Other comprehensive income (expense) for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**628,023**	(274,592)
Total comprehensive income for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**13,416,954**	3,845,154
Total comprehensive income for the year attributable to:		
Owners of the Company	**9,452,732**	2,458,195
Non-controlling interests	**151,472**	201,508
	9,604,204	2,659,703
Non-controlling unitholders of Champion REIT	**3,812,750**	1,185,451
	13,416,954	3,845,154

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Investment properties		**83,999,025**	73,046,520
Property, plant and equipment		**19,716,816**	18,611,570
Interests in joint ventures		**1,411,273**	1,067,143
Interests in associates		**159,491**	80,886
Available-for-sale investments		**907,261**	1,276,988
Notes and loan receivables		**309,247**	265,460
Derivative financial instruments		**64,887**	64,203
		106,568,000	94,412,770
Current assets			
Stock of properties		**4,569,586**	3,638,112
Inventories		**109,627**	105,768
Debtors, deposits and prepayments	12	**1,019,764**	963,492
Notes and loan receivables		**23,382**	-
Financial assets at fair value through profit or loss		**139,261**	299,361
Derivative financial instruments		**-**	9,951
Tax recoverable		**109,851**	3,777
Pledged bank deposits		**-**	631,489
Restricted cash		**92,917**	289,953
Time deposits with original maturity over three months		**1,879,586**	400,907
Bank balances and cash		**6,491,562**	5,457,044
		14,435,536	11,799,854
Asset classified as held for sale		**-**	116,310
		14,435,536	11,916,164
Current liabilities			
Creditors, deposits and accruals	13	**3,730,729**	3,476,088
Derivative financial instruments		**236**	-
Provision for taxation		**188,219**	191,070
Distribution payable		**250,799**	240,286
Borrowings due within one year		**1,656,371**	2,495,416
		5,826,354	6,402,860
Net current assets		**8,609,182**	5,513,304
Total assets less current liabilities		**115,177,182**	99,926,074

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	2017	2016
	HK$'000	HK$'000
Non-current liabilities		
Derivative financial instruments	**20,723**	247
Borrowings due after one year	**24,353,881**	21,879,695
Medium term notes	**4,612,054**	3,814,384
Deferred taxation	**1,362,093**	1,303,566
	30,348,751	26,997,892
NET ASSETS	**84,828,431**	72,928,182
Equity attributable to:		
Owners of the Company		
Share capital	**344,295**	338,735
Share premium and reserves	**64,124,417**	55,508,577
	64,468,712	55,847,312
Non-controlling interests	**(346,792)**	(353,623)
	64,121,920	55,493,689
Net assets attributable to non-controlling unitholders of Champion REIT	**20,706,511**	17,434,493
	84,828,431	72,928,182

1. GENERAL

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

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development and investment, operations of hotel, restaurant and co-working space, manager of real estate investment trust, trading of building materials, securities investment, provision of property management, maintenance and property agency services, property leasing and asset management.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle

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

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[3] Effective for annual periods beginning on or after a date to be determined.
[4] Effective for annual periods beginning on or after 1 January 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The significant accounting policies adopted are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2016.

4. REVENUE

Revenue represents the aggregate of income from hotel operations and restaurant operations, gross rental income, building management service income, income from sale of properties, proceeds from sale of building materials, dividend income from investments, and income from other operations (including property management and maintenance income and property agency commission).

	2017 HK$'000	2016 HK$'000
Hotel income	**5,421,744**	5,198,237
Rental income from investment properties	**2,686,664**	2,749,214
Building management service income	**294,392**	283,335
Sale of properties	**107,224**	-
Sale of goods	**167,753**	193,081
Dividend income	**99,604**	24,433
Others	**170,723**	200,200
	8,948,104	8,648,500

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:

Hotel operation	-	hotel accommodation, food and banquet operations as well as hotel management.
Property investment	-	gross rental income and building management service income from leasing of furnished apartments and properties held for investment potential.
Property development	-	income from selling of properties held for sale.
Other operations	-	sale of building materials, co-working space 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 property owned by the US Real Estate Fund.

5. SEGMENT INFORMATION - continued

Segment results of Champion REIT represent the published net property income less manager's fee. Segment results of Langham represent revenue less property related expenses and services fees. Segment results of US Real Estate Fund represent revenue less fund related expenses. Segment results of other operating segments represent the results of each segment without including any effect of allocation of interest income from bank balances and cash centrally managed, central administration costs, Directors' salaries, share of results of joint ventures, share of results of associates, depreciation, fair value changes on investment properties, derivative financial instruments and financial assets at fair value through profit or loss ("FVTPL"), impairment loss on available-for-sale ("AFS") investments and loan receivable, other income, finance costs and income taxes. This is the measurement basis reported to the CODM for the purposes of resource allocation and performance assessment.

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

Segment revenue and results

2017

	Hotel operation HK$'000	Property investment HK$'000	Property development HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE										
External revenue	5,421,744	226,902	-	438,080	6,086,726	2,677,779	886	182,713	-	8,948,104
Inter-segment revenue	68,977	682	-	366,090	435,749	22,120	693,259	-	(1,151,128)	-
Total	5,490,721	227,584	-	804,170	6,522,475	2,699,899	694,145	182,713	(1,151,128)	8,948,104

Inter-segment revenue are charged at prevailing market rates or at mutually agreed prices where no market price was available. They are recognised when services are provided.

	Hotel operation HK$'000	Property investment HK$'000	Property development HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS										
Segment results	726,661	172,941	-	575,097	1,474,699	1,906,356	580,707	46,445	(12,792)	3,995,415
Depreciation					(431,468)	-	(188,367)	-	(489)	(620,324)
Operating profit after depreciation					1,043,231	1,906,356	392,340	46,445	(13,281)	3,375,091
Fair value changes on investment properties					891,975	9,850,151	-	139,130	(4,900)	10,876,356
Fair value changes on derivative financial instruments					(61,705)	-	(3,571)	-	-	(65,276)
Fair value changes on financial assets at FVTPL					56,975	-	-	-	-	56,975
Impairment loss on an AFS investment					(127,349)	-	-	-	-	(127,349)
Other income					103,330	1,515	146	658	(694)	104,955
Administrative and other expenses					(424,486)	(22,182)	(11,071)	(6,821)	6,427	(458,133)
Net finance costs					(68,912)	(330,909)	(151,571)	(18,709)	-	(570,101)
Share of results of joint ventures					(26,598)	-	-	-	-	(26,598)
Share of results of associates					570	-	-	-	-	570
Profit before tax					1,387,031	11,404,931	226,273	160,703	(12,448)	13,166,490
Income taxes					(57,910)	(265,279)	(54,541)	-	171	(377,559)
Profit for the year					1,329,121	11,139,652	171,732	160,703	(12,277)	12,788,931
Less: Profit attributable to non-controlling interests/non-controlling unitholders of Champion REIT					1,034	(3,825,235)	(64,888)	(81,990)	-	(3,971,079)
Profit attributable to owners of the Company					1,330,155	7,314,417	106,844	78,713	(12,277)	8,817,852

5. SEGMENT INFORMATION - continued

Segment revenue and results - continued

2016

	Hotel operation HK$'000	Property investment HK$'000	Property development HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE										
External revenue	5,198,237	243,538	-	417,714	5,859,489	2,540,567	5,674	242,770	-	8,648,500
Inter-segment revenue	70,018	-	-	431,720	501,738	16,527	700,705	-	(1,218,970)	-
Total	5,268,255	243,538	-	849,434	6,361,227	2,557,094	706,379	242,770	(1,218,970)	8,648,500

Inter-segment revenue are charged at prevailing market rates or at mutually agreed prices where no market price was available. They are recognised when services are provided.

	Hotel operation HK$'000	Property investment HK$'000	Property development HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS										
Segment results	720,625	180,984	-	589,336	1,490,945	1,783,332	593,712	44,415	(9,319)	3,903,085
Depreciation					(398,068)	-	(191,540)	-	(820)	(590,428)
Operating profit after depreciation					1,092,877	1,783,332	402,172	44,415	(10,139)	3,312,657
Fair value changes on investment properties					308,391	2,001,856	-	222,786	(2,300)	2,530,733
Fair value changes on derivative financial instruments					20,435	-	31,795	-	-	52,230
Fair value changes on financial assets at FVTPL					1,113	-	-	-	-	1,113
Impairment loss on loan receivable					(199,143)	-	-	-	-	(199,143)
Other income					47,325	-	-	4,877	(620)	51,582
Administrative and other expenses					(410,072)	(22,546)	(13,013)	(10,126)	6,589	(449,168)
Net finance costs					(91,914)	(335,803)	(116,577)	(43,614)	-	(587,908)
Share of results of joint ventures					(20,190)	-	-	-	-	(20,190)
Share of results of associates					438	-	-	-	-	438
Profit before tax					749,260	3,426,839	304,377	218,338	(6,470)	4,692,344
Income taxes					(267,455)	(245,257)	(59,986)	-	100	(572,598)
Profit for the year					481,805	3,181,582	244,391	218,338	(6,370)	4,119,746
Less: Profit attributable to non-controlling interests/non-controlling unitholders of Champion REIT					(9,440)	(1,148,328)	(93,346)	(98,840)	-	(1,349,954)
Profit attributable to owners of the Company					472,365	2,033,254	151,045	119,498	(6,370)	2,769,792

6. OTHER INCOME

	2017 HK$'000	2016 HK$'000
Interest income on:		
Bank deposits	**71,925**	37,844
Financial assets designated at FVTPL	**674**	5,002
Notes receivable	**9,055**	9,738
Others	**8,257**	3,383
	89,911	55,967
Gain on disposal of equity securities	**2,043**	344
Net exchange gain	**49,917**	-
Gain on disposal of property, plant and equipment	**508**	-
Recovery of bad debts	**455**	-
Net reversal of allowance for doubtful debts	-	1,062
Income arising from Historical Tax Credit	**45,491**	41,403
Injection premium from an investor of US Real Estate Fund	**-**	4,878
Sundry income	**6,541**	3,895
	194,866	107,549

7. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on bank borrowings	**513,204**	411,303
Interest on other loans	**-**	8,589
Interest on medium term notes	**142,986**	126,810
Other borrowing costs	**69,738**	107,552
	725,928	654,254
Less: amount capitalised	**(65,916)**	(10,379)
	660,012	643,875

8. INCOME TAXES

	2017 HK$'000	2016 HK$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	**353,420**	320,270
Other jurisdictions	**(23,105)**	303,223
	330,315	623,493
(Over)underprovision in prior years:		
Hong Kong Profits Tax	**(3,150)**	1,805
Other jurisdictions	**13,400**	439
	10,250	2,244
	340,565	625,737

8. INCOME TAXES - continued

	2017 HK$'000	2016 HK$'000
Deferred tax:		
Current year	**175,529**	(49,859)
Under(over)provision in prior years	**8**	(3,280)
Attributable to change in tax rate	**(138,543)**	-
	36,994	(53,139)
	377,559	572,598

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Taxation arising in other jurisdictions, mainly derived from the USA, is calculated at the rates prevailing in the respective jurisdictions. Taxation from the USA includes federal tax and state tax.

9. PROFIT FOR THE YEAR

	2017 HK$'000	2016 HK$'000
Profit for the year has been arrived at after charging:		
Staff costs (including Directors' emoluments)	**2,387,595**	2,251,197
Share-based payments (including Directors' emoluments)	**22,639**	11,293
	2,410,234	2,262,490
Depreciation	**620,324**	590,428
Auditor's remuneration	**16,223**	15,182
Trustee's remuneration	**12,548**	11,643
Cost of inventories recognised as an expense	**639,453**	689,633
Net exchange loss (included in administrative and other expenses)	**-**	37,322
Loss on disposal of property, plant and equipment (included in administrative and other expenses)	**-**	794
Allowance for doubtful debts	**695**	-
Operating lease payments on rented premises	**14,766**	9,519
Share of tax of a joint venture (included in the share of results of joint ventures)	**1,297**	9,186
Share of tax of associates (included in the share of results of associates)	**98**	77
and after crediting:		
Gain on disposal of property, plant and equipment (included in other income)	**508**	-
Net exchange gain (included in other income)	**49,917**	-
Net reversal of allowance for doubtful debts	**-**	1,006
Recovery of bad debts	**455**	-
Dividend income from equity investments	**99,604**	24,433
Rental income from investment properties less related outgoings of HK$233,102,000 (2016: HK$329,203,000)	**2,453,562**	2,420,011

10. DIVIDENDS

	2017	2016
	HK$'000	HK$'000
Dividends paid:		
- Final dividend of HK48 cents in respect of the financial year ended 31 December 2016 (2016: HK47 cents in respect of the financial year ended 31 December 2015) per ordinary share	**326,694**	313,854
- Special final dividend of HK50 cents in respect of the financial year ended 31 December 2016 per ordinary share (2016: HK$2 in respect of the financial year ended 31 December 2015)	**340,309**	1,335,556
	667,003	1,649,410
- Interim dividend of HK30 cents in respect of the financial year ended 31 December 2017 (2016: HK27 cents in respect of the financial year ended 31 December 2016) per ordinary share	**206,543**	182,882
- Special interim dividend of HK50 cents in respect of the financial year ended 31 December 2017 (2016: nil) per ordinary share	**344,239**	-
	550,782	182,882
	1,217,785	1,832,292

On 22 June 2017, a final dividend of HK48 cents per ordinary share, which included scrip dividend alternatives offered to shareholders, and a special final dividend of HK50 cents per ordinary share were paid to shareholders as the final dividend in respect of the financial year ended 31 December 2016.

On 22 June 2016, a final dividend of HK47 cents per ordinary share, which included scrip dividend alternatives offered to shareholders, and a special final dividend of HK$2 per ordinary share were paid to shareholders as the final dividend in respect of the financial year ended 31 December 2015.

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

	2017	2016
	HK$'000	HK$'000
Dividends:		
Cash	**74,352**	80,321
Share alternative	**252,342**	233,533
	326,694	313,854

10. DIVIDENDS - continued

	2017 HK$'000	2016 HK$'000
Dividends proposed:		
- Proposed final dividend of HK48 cents in respect of the financial year ended 31 December 2017 (2016: HK48 cents in respect of the financial year ended 31 December 2016) per ordinary share	**330,523**	325,186
- Proposed special final dividend of HK50 cents in respect of the financial year ended 31 December 2017 (2016: HK50 cents in respect of the financial year ended 31 December 2016) per ordinary share	**344,295**	338,735
	674,818	663,921

The proposed final dividends in respect of the financial year ended 31 December 2017 is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

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

	2017 HK$'000	2016 HK$'000
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**8,817,852**	2,769,792

	2017	2016
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**687,092,750**	675,826,600
Effect of dilutive potential shares:		
Share options	**5,152,743**	1,486,520
Weighted average number of shares for the purpose of diluted earnings per share	**692,245,493**	677,313,120

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2017	2016
	HK$'000	HK$'000
Trade debtors, net of allowance for doubtful debts	**247,448**	351,051
Deferred rent receivables	**184,129**	212,136
Other receivables	**220,075**	147,057
Deposits and prepayments	**368,112**	253,248
	1,019,764	963,492

For hotel income and 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.

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

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

	2017	2016
	HK$'000	HK$'000
Within 3 months	**212,835**	196,219
More than 3 months but within 6 months	**8,425**	20,277
Over 6 months	**26,188**	134,555
	247,448	351,051

13. CREDITORS, DEPOSITS AND ACCRUALS

	2017	2016
	HK$'000	HK$'000
Trade creditors	**337,435**	302,488
Deposits received	**914,974**	837,679
Construction fee payable and retention money payable	**349,795**	62,187
Accruals, interest payable and other payables (Note)	**2,128,525**	2,273,734
	3,730,729	3,476,088

Note:

Included in the accruals is accrual of stamp duty based on the current stamp duty rate of 4.25% (2016: 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 upon listing.

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

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

	2017	2016
	HK$'000	HK$'000
Within 3 months	**314,700**	282,071
More than 3 months but within 6 months	**5,500**	2,630
Over 6 months	**17,235**	17,787
	337,435	302,488