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)

2019 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 2019 as follows:

	Year ended 31 December		
	2019 *HK$ million*	2018 *HK$ million*	Change
Key Financials on Income Statement			
Based on core business [1]			
Revenue based on core business	**6,498.4**	**6,661.6**	**- 2.4%**
Core profit after tax attributable to equity holders	**1,731.0**	**1,995.4**	**- 13.3%**
Core profit after tax attributable to equity holders (per share)	**HK$2.45**	**HK$2.86**	
Based on statutory accounting principles [2]			
Revenue based on statutory accounting principles	**9,236.8**	**10,156.2**	**- 9.1%**
Statutory (loss) / profit attributable to equity holders	**(337.8)**	**5,810.7**	**n.m.**
Interim dividend (per share)	**HK$0.33**	**HK$0.33**	
Final dividend (per share)	**HK$0.50**	**HK$0.50**	
Special Final Dividend (per share)	**HK$0.50**	**-**	
Total dividend (per share)	**HK$1.33**	**HK$0.83**	

[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	
	Dec 2019	**Jun 2019**
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	0.4%	1.4%
Book value (per share)	HK$109.3	HK$116.7
Based on statutory accounting principles[2]		
Net gearing [3]	19.6%	19.6%
Book value (per share)	HK$97.3	HK$102.4

[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 66.22%, 63.45% and 49.97% equity stake of Champion REIT, LHI and the U.S. Fund respectively as at the end of December 2019.

[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		
	2019	**2018**	
	HK$ million	***HK$ million***	**Change**
Revenue from core business			
Hotels Division	4,249.9	4,393.0	- 3.3%
Gross Rental Income	218.6	230.8	- 5.3%
Management Fee Income from Champion REIT	424.4	396.8	7.0%
Distribution Income from Champion REIT^	1,036.4	1,008.9	2.7%
Distribution Income from LHI^	163.9	258.4	- 36.6%
Other operations	405.2	373.7	8.4%
Total Revenue	**6,498.4**	**6,661.6**	**- 2.4%**
Hotel EBITDA	779.8	854.3	- 8.7%
Net Rental Income	168.2	182.3	- 7.7%
Management Fee Income from Champion REIT	424.4	396.8	7.0%
Distribution Income from Champion REIT^	1,036.4	1,008.9	2.7%
Distribution Income from LHI^	163.9	258.4	- 36.6%
Operating income from other operations	137.9	144.3	- 4.4%
Operating Income from core business	**2,710.6**	**2,845.0**	**- 4.7%**
Depreciation	(305.7)	(225.2)	35.7%
Administrative and other expenses	(615.3)	(464.3)	32.5%
Other income	9.2	109.4	- 91.6%
Interest income	177.8	132.0	34.7%
Finance costs	(167.9)	(174.9)	- 4.0%
Share of results of joint ventures	43.9	(10.4)	n.m.
Share of results of associates	1.2	0.8	50.0%
Core profit before tax	**1,853.8**	**2,212.4**	**- 16.2%**
Income taxes	(119.5)	(217.6)	- 45.1%
Core profit after tax	**1,734.3**	**1,994.8**	**- 13.1%**
Non-controlling interest	(3.3)	0.6	n.m.
Core profit attributable to equity holders	**1,731.0**	**1,995.4**	**- 13.3%**

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

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

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

31 December 2019

	Assets	**Liabilities**	**Net Assets**
	HK$ million	***HK$ million***	***HK$ million***
Great Eagle operations	**39,391**	**12,160**	**27,231**
Champion REIT	**55,412**	**11,960**	**43,452**
LHI	**11,175**	**4,836**	**6,339**
U.S. Fund	**541**	**166**	**375**
	106,519	**29,122**	**77,397**

31 December 2018

	Assets	Liabilities	Net Assets
	HK$ million	*HK$ million*	*HK$ million*
Great Eagle operations	36,890	10,671	26,219
Champion REIT	56,283	11,700	44,583
LHI	12,816	4,661	8,155
U.S. Fund	1,135	695	440
	107,124	27,727	79,397

Financial Figures based on statutory accounting principles

	Year ended 31 December		
	2019 *HK$ million*	2018 *HK$ million*	Change
Revenue based on statutory accounting principles			
Hotels Division	5,600.2	6,022.8	- 7.0%
Gross Rental Income	218.6	230.8	- 5.3%
Other operations (including management fee income from Champion REIT)	829.6	770.5	7.7%
Gross Rental Income - Champion REIT	3,080.7	2,965.0	3.9%
Gross Rental Income - LHI	552.1	615.5	- 10.3%
Gross Revenue - U.S. Fund	47.0	664.4	- 92.9%
Elimination on Intragroup transactions	(1,091.4)	(1,112.8)	- 1.9%
Consolidated Total Revenue	**9,236.8**	**10,156.2**	**- 9.1%**
Hotel EBITDA	779.8	854.3	- 8.7%
Net Rental Income	168.2	182.3	- 7.7%
Operating income from other operations	562.3	541.1	3.9%
Net Rental Income - Champion REIT	2,183.0	2,116.7	3.1%
Net Rental Income - LHI	448.3	587.0	- 23.6%
Net Operating Loss - U.S. Fund	(43.1)	(105.5)	- 59.1%
Elimination on Intragroup transactions	(56.6)	(12.0)	371.7%
Consolidated Operating Income	**4,041.9**	**4,163.9**	**- 2.9%**
Depreciation	(768.5)	(712.5)	7.9%
Fair value changes on investment properties	(2,146.8)	6,660.6	n.m.
Fair value changes on derivative financial instruments	(51.3)	(77.5)	- 33.8%
Fair value changes on financial assets at fair value through profit or loss	24.8	(37.6)	n.m.
Administrative and other expenses	(639.1)	(511.7)	24.9%
Other income (including interest income)	232.0	259.9	- 10.7%
Finance costs	(884.4)	(821.3)	7.7%
Share of results of joint ventures	43.9	(10.4)	n.m.
Share of results of associates	1.2	0.8	50.0%
Statutory (loss) / profit before tax	**(146.3)**	**8,914.2**	**n.m.**
Income taxes	(429.8)	(526.5)	- 18.4%
Statutory (loss) / profit after tax	**(576.1)**	**8,387.7**	**n.m.**
Non-controlling interest	49.5	90.7	- 45.4%
Non-controlling unitholders of Champion REIT	188.8	(2,667.7)	n.m.
Statutory (loss) / profit attributable to equity holders	**(337.8)**	**5,810.7**	**n.m.**

OVERVIEW

In response to a challenging operating environment in 2019, especially in the second half, we remain focused on implementing our cautious stance on acquisition of land in Hong Kong, and continued execution of our existing development and redevelopment projects. In July, we launched ONTOLO, our luxury residential project in Pak Shek Kok, for pre-sale. Sale of the initial batch which comprised mostly smaller units was met with an overwhelmingly positive response, but sale of the bigger units slowed down in the last quarter due to civil unrest. On project disposal, we disposed of our non-core investment in the Dalian mixed-use development project in July.

On our existing projects, entitlement of the Chelsea (Toronto) Hotel Redevelopment project was approved in principle in June 2019. The redevelopment of this site into a mixed-use project with a 400-key hotel, two residential towers and other commercial space will more than double the existing aggregate gross floor area to approximately 1.7 million sq. ft. Meanwhile, preparatory works for redevelopment of the entitlement of the 1931 Second Avenue site, Seattle, into a mixed-use condo-hotel project are still underway. In June 2019, we have acquired a small car park site in front of the site, which will provide auxiliary car parking facilities of the upcoming project. Lastly, preparatory works are being undertaken for entitlement submission for hotel development of 555 Howard Street and 1125 Market Street, San Francisco. Value-engineering works are being carried out simultaneously on these projects to try to lower their development costs as construction cost escalates. In terms of major renovation projects, the works have started for The Langham, Boston in April 2019 and is expected to complete by the end of 2020. On acquisition, in December 2019, we have acquired a site in Venice for the development of our luxury Langham hotel. This investment is part of the Group's strategy to own hotels in strategic gateway cities that will anchor our hotel brand.

While we have sold more than half of the residential units at ONTOLO in 2019, the profits will be recognised in the 2020 results after the units are handed over to buyers tentatively from July onward. As for the 2019 results, revenue based on core business of the Group dropped 2.4% to HK$6,498.4 million (2018: HK$6,661.6 million).

Core operating income declined by 4.7% to HK$2,710.6 million in 2019 (2018: HK$2,845.0 million) due to lower distribution income from LHI amid negative impact from Hong Kong's social unrest and a drop in EBITDA of the Hotels Division. The decline in the Hotels' EBITDA was led by losses incurred at The Langham, Boston, as it undergoes a major renovation, followed by increased top-up in rental payment to our 63.45% held LHI. Note that in order to facilitate the listing of the Group's Hong Kong hotels into LHI in 2013, the Group took up the role of the lessee of LHI's hotels under the Master Lease Agreement. Since the civil unrest has severely affected the hotel performance in the second half of 2019, the top-up payment required by the Group to satisfy the fixed rental payment also rose.

While our 66.22% held Champion REIT managed to deliver an overall growth in distribution per unit in 2019, its performance in the second half of 2019 was also affected by the civil unrest. The impact was especially alarming for its retail operations, as Langham Place Mall was effectively forced to close when there were intense protests nearby in the second half of 2019.

Other income of the Group declined by 91.6% to HK$9.2 million in 2019 (2018: HK$109.4 million), due to a high base for comparison as 2018 results included HK$86.1 million income from the sale of historical tax credits related to the Chicago property. Administrative and other expenses increased by 32.5% to HK$615.3 million in 2019 (2018: HK$464.3 million), attributable to pre-sale expenses incurred for the Pak Shek Kok luxury residential project and a write-off of fixed assets related to renovation works at The Langham, Boston.

The Group's interest income rose 34.7% to HK$177.8 million in 2019 (2018: HK$132.0 million), which was due to higher deposit rates as well as our increased cash holdings and investments in high yield bonds. The Group was in a net interest income position amounting to HK$9.9 million in 2019 as compared with a net interest expense position of HK$42.9 million in 2018.

Share of profits of joint ventures in 2019 came to HK$43.9 million, attributable to the booking of the partial attributable gain amounting to HK$73 million upon the sale of the Dalian development project. Profit attributable to equity holders declined by 13.3% to HK$1,731.0 million in 2019 (2018: HK$1,995.4 million).

BUSINESS REVIEW

Breakdown of Operating Income	**Year ended 31 December**		
	2019	**2018**	
	HK$ million	***HK$ million***	**Change**
1. Hotels EBITDA	779.8	854.3	- 8.7%
2. Income from Champion REIT	1,460.8	1,405.7	3.9%
3. Distribution Income from LHI	163.9	258.4	- 36.6%
4. Net Rental Income from investment properties	168.2	182.3	- 7.7%
5. Operating Income from other operations	137.9	144.3	- 4.4%
Operating Income from core business	**2,710.6**	**2,845.0**	**- 4.7%**

1. HOTELS DIVISION

Hotels Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (local currency)		RevPAR (local currency)	
	2019	2018	2019	2018	2019	2018	2019	2018
Europe								
The Langham, London	380	380	80.3%	79.6%	390	366	313	292
North America								
The Langham, Boston^	317	317	59.2%	73.7%	233	310	138	229
The Langham Huntington, Pasadena	379	379	71.8%	71.7%	281	283	202	203
The Langham, Chicago	316	316	78.0%	75.4%	407	402	317	303
The Langham, New York, Fifth Avenue	234	234	83.6%	80.4%	578	578	483	465
Eaton, Washington D.C.#	209	209	55.3%	37.7%	253	239	140	90
Chelsea Hotel, Toronto	1,590	1,590	77.6%	82.7%	173	170	134	140
Australia / New Zealand								
The Langham, Melbourne	388	388	87.1%	87.7%	308	313	268	274
The Langham, Sydney	96	97	82.1%	82.0%	464	461	381	378
Cordis, Auckland	396	407	81.6%	79.8%	225	235	184	187
China								
The Langham, Shanghai, Xintiandi	356	356	81.7%	81.8%	1,590	1,670	1,299	1,367
Cordis, Shanghai, Hongqiao	395	394	64.3%	54.3%	934	926	601	503

^ Closed for renovation from April 2019

Soft-opened in August 2018

	Year ended 31 December		
	2019 *HK$ million*	2018 *HK$ million*	Change
Hotel Revenue			
Europe	**647.5**	632.8	2.3%
North America	**2,190.3**	2,252.3	- 2.8%
Australia / New Zealand	**758.3**	810.5	- 6.4%
China	**512.4**	519.1	- 1.3%
Others (including hotel management fee income)	**141.4**	178.3	- 20.7%
Total Hotel Revenue	**4,249.9**	4,393.0	- 3.3%
Hotel EBITDA			
Europe	**178.9**	156.7	14.2%
North America	**304.1**	290.0	4.9%
Australia / New Zealand	**113.3**	134.2	- 15.6%
China	**157.4**	151.0	4.2%
Others (including hotel management fee income)	**26.1**	122.4	- 78.7%
Total Hotel EBITDA	**779.8**	854.3	- 8.7%

Revenue of the Hotels Division, which comprised twelve hotels and other Hotels Division related business such as hotel management fee income, dropped by 3.3% to HK$4,249.9 million in 2019. EBITDA of the Hotels Division dropped by 8.7% to HK$779.8 million. Included under the "Others" breakdown of the Hotels Division's EBITDA is a top-up in rental payment amounting to HK$85.5 million (2018: HK$18.8 million) to LHI by the Group acting as the lessee of LHI's hotels under the Master Lease Agreement.

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

EUROPE

The Langham, London

Despite the uncertainty of Brexit, the hotel experienced 7% growth in room revenue and a 6% increase in average room rate during 2019, as more retail business was captured during the year. Additionally, business from the Middle East continued to be resilient, providing the hotel with a good base to drive business from other high yield segments. Revenue from food and beverage ('**F&B**') rose by 6%, driven by increased business across all the restaurants including banqueting business.

NORTH AMERICA

The Langham, Boston

The hotel was closed since April 2019 for major renovation. All 317 guest rooms, the club lounge and public areas are undergoing renovation and it is scheduled to complete in the second half of 2020. As a result of the closure, the hotel generated a loss in 2019.

The Langham Huntington, Pasadena
After facing challenging market conditions during the first half of 2019 amid a lack of citywide events and reduced meeting groups, there was a pickup in the hotel's business in the second half of the year. As a result, room revenue was stable in 2019 as compared with the prior year. Revenue from F&B rose by 13% in 2019, attributable to an improved catering business.

The Langham, Chicago
After receiving multiple prestigious accolades in the lodging industry thanks to its luxurious product and services offering, the hotel has firmly established itself as one of the most luxurious hotels in Chicago and demonstrated steadily improving performance. Revenue from F&B rose by 4% in 2019 due to improved businesses across all outlets, although banqueting business was soft during the year.

The Langham, New York, Fifth Avenue
After the completion of refurbishment staged over the prior years, the hotel demonstrated good performance in 2019 as its operations ramped up. Room revenue increased by 4% due to improvement in occupancy driven by the retail and corporate segments. The hotel enjoyed a good market mix of retail, corporate and group business. Revenue from F&B rose by 10% in 2019 on a strong catering business.

Eaton, Washington D.C.
The opening of the majority of the hotel's 209 guest rooms commenced in August 2018, whereas openings for restaurants, bars and Eaton House, the hotel's co-work office facility, were staggered from September 2018 to November 2018. Therefore, 2019 marked the first year of the fully opened hotel, and the hotel continues to build recognition with good media coverage support of the brand. Guest comments have been very positive and continued market share growth is expected. Although the hotel is still at the ramp-up stage and generated a loss in 2019, this was substantially smaller than that incurred in 2018.

Chelsea Hotel, Toronto
Demand for hotel rooms was weak amid a reduction in convention activities in the city during 2019. Therefore, the hotel focused on securing high-yield retail business during the year, resulting in a 2% uplift in average room rate. However, occupancy for the hotel dropped by 5.1 percentage points in 2019. Revenue from F&B dropped by 7% due to weaker restaurant business.

In order to ensure the highest and best use of this site, the Group has submitted a development proposal to redevelop this site into a mixed-use project with a 400-key hotel, two residential towers and other commercial space which would more than double the existing aggregate gross floor area. After lengthy negotiations with City Planning, the Group secured the Entitlement Rights per our development application in formal written in June 2019. The Group has submitted a Site Permit application to the City Planning in December 2019 and we expect to receive Construction Permit approval in about 18-24 months' time. The Group is presently soliciting proposals from well-established Toronto property developers to explore potential joint-venture options that would reduce our market exposure while leveraging off local market expertise.

AUSTRALIA / NEW ZEALAND
The Langham, Melbourne
In addition to a slowdown in demand for rooms in the market, performance of the hotel was affected by a planned renovation originally commenced in late 2018, which was subsequently put on hold due to severe escalation in renovation cost. This has affected the hotel's ability to secure larger group business and events for the first quarter of 2019. Nonetheless, the hotel strategically targeted at retail leisure during the year, which helped to minimize the impact of lost group business. During 2019, its average room rate declined by 2% and its occupancy dropped by 0.6 percentage point. Revenue from F&B declined by 2% during the year.

The Langham, Sydney
Given a slowdown in the hotel market in Sydney, the hotel strategically focused on high-yielding retail business during the weekends, which helped a slight lift in average room rate of the hotel in 2019. Revenue from F&B was affected by the refurbishment of the all-day dining restaurant, which had been closed for several months and was re-opened in August 2019.

Cordis, Auckland
In addition to a lack of city-wide events, the hotel was affected by the disruptions caused by nearby road expansion construction project. The hotel witnessed reduced demand from both the leisure and group segments. As a result, the hotel focused on increasing occupancy, but average room rates declined during the year. F&B revenue performed well, increased by 4% over last year mainly supported by improved banqueting business and improved business of the all day dining restaurant.

In order to maximise the plot ratio of the site for the Cordis, Auckland, the Group applied for the construction of an additional 244 rooms on the site, which was subsequently approved by the local planning department. Construction commenced in March 2019 and is scheduled to complete ahead of the 2021 Auckland APEC summit.

CHINA
The Langham, Shanghai, Xintiandi
Challenging market conditions has led to a decline in room revenue for the hotel in 2019. Demand for rooms was especially weak for the high yielding segment as compared with the prior year. Hence, average rates for the hotel declined by 5% in 2019. Revenue from F&B was flat, as improved banquet business from corporate events was offset by softer restaurants business.

Cordis, Shanghai, Hongqiao
After all the facilities at the hotel became fully operational last year, the hotel continued to build momentum in increasing its revenue and was gradually gaining market share during 2019. As a result, there was good improvement in occupancy, which increased by 10.0 percentage points in 2019, while average room rate rose by 1% during the year. Revenue from F&B rose by 21% in 2019 due to improved restaurants business. The Chinese restaurant was awarded with 2 diamonds by Black Pearl restaurant guide in January 2019 and was awarded one Michelin Star for 2020.

HOTEL MANAGEMENT BUSINESS
As at the end of December 2019, there were nine hotels with approximately 2,800 rooms in our management portfolio. The most recent hotel added to the portfolio was Cordis, Dongqian Lake, Ningbo, which soft opened in May 2019 with 238 rooms.

2. INCOME FROM CHAMPION REIT

The Group's core profit is based on the 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 2019 increased by 3.9% to HK$1,460.8 million. Of which, distribution income rose 2.7% to HK$1,036.4 million, as the REIT declared a 2.0% increase in distribution per unit and our holdings in the REIT has been increased from 65.99% as at the end of December 2018 to 66.22% as at the end of December 2019. Given higher net property income of Champion REIT, together with increased agency leasing commission income in 2019, these have led to an overall 7.0% growth in management fee income from Champion REIT, which came to HK$424.4 million in 2019.

	Year ended 31 December		
	2019	2018	
	HK$ million	*HK$ million*	Change
Attributable distribution income	1,036.4	1,008.9	2.7%
Management fee income	424.4	396.8	7.0%
Total income from Champion REIT	**1,460.8**	**1,405.7**	**3.9%**

The following text was extracted from the 2019 annual results announcement of Champion REIT relating to the performance of the REIT's properties.

Three Garden Road

Occupancy of the property was affected by the prudent approach adopted by tenants, moderating to 93.0% as at 31 December 2019 from 95.8% as at 30 June 2019. Rent levels were also impacted by the general market conditions. Three Garden Road could not remain unscathed from the overall downhill trend in Grade A office rental prices and rising vacancies in Central. That said, given the gap between the market rents and expiring rents in 2019, passing rents of the property increased to HK$107.76 per sq. ft. (based on lettable area) as at 31 December 2019 (2018: HK$98.61 per sq. ft.). Net property income maintained a steady growth of 8.2% to HK$1,375 million (2018: HK$1,270 million).

Langham Place Office Tower

Occupancy of the property stood high at 97.7% as at 31 December 2019 and market rents stayed put throughout 2019. Positive rental reversion was achieved, driving up total rental income by 7.2% to HK$375 million in 2019 (2018: HK$350 million). Passing rents increased to HK$46.48 per sq. ft. (based on gross floor area) as at 31 December 2019 (2018: HK$42.68 per sq. ft.). Net property income grew by 6.2% to HK$342 million (2018: HK$322 million) attributable to positive rental reversion. Net property operating expenses rose to HK$33 million (2018: HK$28 million), mainly due to higher repairs and maintenance expenses.

Langham Place Mall

Faced with the unfavourable operating environment for the retail market, total rental income of the mall decreased 4.9% to HK$891 million (2018: HK$937 million). This was mainly caused by a drop in tenant sales which in return suppressed turnover rent to HK$114 million (2018: HK$187 million). On the other hand, passing base rents increased to HK$190.49 per sq. ft. (based on lettable area) as at 31 December 2019 (2018: HK$184.28 per sq. ft.) as most leases were confirmed in advance. Net property income went down 6.0% to HK$764 million (2018: HK$813 million) on abated retail sales and sliding turnover rent. Net property operating expenses increased by 2.4% to HK$127 million (2018: HK$124 million), mainly due to higher rental commission and higher promotion expenses.

3. DISTRIBUTION INCOME FROM LHI

Under 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. We believe this will better reflect the financial return and economic interest attributable to our investment in LHI. This entry is also consistent with our practice in accounting for returns from our investment in Champion REIT, which also focuses on distributions.

In 2019, LHI declared a 37.9% decline in distribution per share stapled unit amid frequent protests in Hong Kong which negatively affected the hotel's performance. Hence, our share of distribution income received from LHI declined by 36.6% to HK$163.9 million for 2019.

	Year ended 31 December		
	2019	2018	
	HK$ million	*HK$ million*	Change
Attributable distribution income	163.9	258.4	- 36.6%

Performances of the Hong Kong hotels below were extracted from the 2019 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$)		RevPAR (in HK$)	
	2019	2018	2019	2018	2019	2018	2019	2018
The Langham, Hong Kong	497	498	75.3%	91.2%	1,955	2,336	1,472	2,130
Cordis, Hong Kong	667	666	73.1%	95.0%	1,656	1,806	1,210	1,715
Eaton HK	465	405	71.6%	87.0%	950	1,114	679	969

The Langham, Hong Kong

Although already reporting a first half decline in RevPAR of 5.1%, this reduction quickened in the 2nd half due to the social unrest and finished with a full year decline in RevPAR of 30.9%. Significant drops in room rate were required in the second half to match the market and hold onto occupancy that finished at 60.8% in the second half and 75.3% for the full year. The full year occupancy is 75.3%, compared to the Hong Kong High Tariff A Hotels of 74.0%.

As our food and beverage operation is focused on the local Hong Kong market it fared better than accommodation through the protests, although it still recorded a 10.7% decline on previous year. Maintaining 3-Michelin Stars for T'ang Court in 2020 will help support the hotels' reputation for exceptional Chinese cuisine.

Cordis, Hong Kong

Cordis, Hong Kong was performing in line with last year in the first half although it was severely impacted in the second half. The social unrest made the transport systems unreliable and as a result the hotels' airline crew business repositioned to airport hotels. Coupled with decline from other market segments the hotel recorded an occupancy of 52.1% in the second half well down from over 90% the year before. The full year occupancy is 73.1%, compared to the Hong Kong High Tariff A Hotels of 74.0%. RevPAR declined 29.4% for the full year.

As our food and beverage operation is focused on the local Hong Kong market it fared better than accommodation through the protests, although it still recorded a 8.5% decline on previous year. Maintaining 1-Michelin Stars for Ming Court in 2020 will help support the hotels' reputation for excellent Chinese cuisine.

Eaton HK
Eaton HK was refurbished in 2018 and repositioned as a 'life-style' hotel focusing more on individual travellers and Millennial market segment. It has gained a great deal of publicity in 2019 for its efforts to support the community and its cultural programming.

Like other Hotels in the portfolio, Eaton was severely affected by the protests and recorded an occupancy of 56.8% in the second half down from over 84.1% the year before. The full year occupancy is 71.6%, compared to the Hong Kong High Tariff B Hotels of 79.0% although the change in room rate in Eaton at -14.7% fared better than the market at -15.7%. RevPAR for the year declined 29.9% but room revenue only declined 19.6% due to the increased inventory in 2019 (refurbishment in 2018).

Food and beverage for the full year increased by 45.9% over last year as the new outlets developed a strong following. Particularly successful has been The Astor (all-day dining venue) and the Foodhall. Maintaining 1-Michelin Stars for Yat Tung Heen in 2020 will help support the hotels' reputation for excellent Chinese cuisine.

4. RENTAL INCOME FROM INVESTMENT PROPERTIES

	Year ended 31 December		
	2019 *HK$ million*	**2018** *HK$ million*	**Change**
Gross rental income			
Great Eagle Centre	135.3	142.4	- 5.0%
Eaton Residence Apartments	51.3	57.0	- 10.0%
Others	32.0	31.4	1.9%
	218.6	**230.8**	**- 5.3%**
Net rental income			
Great Eagle Centre	131.2	139.8	- 6.2%
Eaton Residence Apartments	31.0	37.6	- 17.6%
Others	6.0	4.9	22.4%
	168.2	**182.3**	**- 7.7%**

Great Eagle Centre

	As at the end of		
	Dec 2019	**Dec 2018**	**Change**
Office (on lettable area)			
Occupancy	**100.0%**	**98.8%**	*1.2ppt*
Average passing rent	**HK$70.1**	**HK$68.6**	*2.2%*
Retail (on lettable area)			
Occupancy	**99.4%**	**99.4%**	-
Average passing rent	**HK$104.6**	**HK$100.6**	*4.0%*

Office space at Great Eagle Centre	As of Dec 2019 (sq. ft.)	As of Dec 2018 (sq. ft.)
Total lettable area	173,308	173,308
Space occupied/reserved by the Group	58,879	42,945
Lettable area available for let	114,429	130,363

Although occupancy of office space in Great Eagle Centre appeared to have increased as at the end of 2019 as compared with that a year ago, the increase was primarily due to a reduction of available lettable area, where the Group took up more space for its in-house expansion. Excluding owner-occupied space, office space leased to third parties, from which rental income is booked, actually dropped as of December 2019 as compared with that a year ago. Meanwhile, as spot rents at the Great Eagle Centre rose to mid to high- HK$70s per sq. ft. as at the end of 2019, this has resulted in a 2.2% growth in average passing rent, which increased from HK$68.6 per sq. ft. on lettable area as at the end of 2018 to HK$70.1 per sq. ft. as at the end of 2019.

Overall gross rental income for the Great Eagle Centre, which included retail rental income and other income, dropped by 5.0% to HK$135.3 million in 2019. Net rental income dropped by 6.2% to HK$131.2 million.

Eaton Residence Apartments

.	Year ended 31 December		
	2019	**2018**	**Change**
(on gross floor area)			
Occupancy	**79.1%**	**86.6%**	*- 7.5ppt*
Average net passing rent	**HK$30.6**	**HK$33.2**	*- 7.8%*

Reduced demand for serviced apartments and guest houses amid Hong Kong's social unrest has led to lower occupancy of the portfolio in 2019, which dropped from 86.6% in 2018 to 79.1% in 2019. Average passing rent dropped from HK$33.2 per sq. ft. in 2018 to HK$30.6 per sq. ft. in 2019. Gross rental income dropped by 10.0% year-on-year to HK$51.3 million in 2019, and net rental income dropped by 17.6% year-on-year to HK$31.0 million for 2019.

5. OPERATING INCOME FROM OTHER OPERATIONS

The Group's operating income from other business operations included property management and maintenance income, trading income from our trading and procurement subsidiaries, asset management fee income and dividend or distribution income from securities portfolio or other investments.

In 2019, operating income from other business operations dropped by 4.4% to HK$137.9 million (2018: HK$144.3 million), the decline was primarily due to a reduction in contract and maintenance income.

U.S. FUND

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 December 2019, the Group held 49.97% interest in the U.S. Fund and acts as its 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, it has already disposed of three office buildings by the end of 2016 and disposed of its remaining office building during 2019. The progress of other projects still held by the U.S. Fund are as follows:

The Austin, San Francisco
The site, located at 1545 Pine Street, San Francisco was acquired 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. comprised 100 studio, one- and two-bedroom residences. The project was completed in December 2017 and was highly acclaimed by Wallpaper Magazine as an embodiment of Californian modernism. Out of 100 units, 91 were sold and handed to buyers by the end of 2019. The profitability of this small project would be minimal.

Cavalleri, Malibu
The acquisition of the residential property with 68 rental apartment units in Malibu, California was completed in September 2015. 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. The U.S. Fund has successfully repositioned the units to high-end products with renovation works completed in 2018. Since offers received so far for an en-bloc sale of the project did not meet our minimum acceptable price, the U.S. Fund has decided to change its strategy to lease out the units as luxury rental apartments instead. Thus far, 10 leases were signed with another 2 leases under active negotiations.

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.

The U.S. 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. It took advantage of a strong office market in Seattle, and disposed of the property for US$151 million in December 2018 with closing of the sale in January 2019. However, the U.S. Fund has decided not to make a distribution in 2019 in order to retain liquidity in case of difficulty in loan refinancing in relation to the U.S. Fund's other development projects.

DEVELOPMENT PROJECTS

Hong Kong and China

ONTOLO, Pak Shek Kok
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 723 units. The total development cost, including the payment of HK$2,412 million for the site, is expected to be approximately HK$7,000 million.

In terms of development progress, all towers were topped-out in November 2018 and fitting out works are currently being carried out. The project is expected to complete in early 2020 with handover of the sold units beginning from July 2020 onwards. The presale permit was approved in June 2019 and the first batch of the project for pre-sale was launched in July 2019. Our launch has been well received and accumulated sales have reached over half of our total unit count as at the end of 2019. As the sales of the apartments will be recognised upon the handover to the buyers, such sales and profits on the pre-sales of these units were not booked in our income statement in 2019.

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 has been developed in two phases: Phase I comprises approximately 800 apartments and Phase II comprises the remaining apartments and the hotel.

Phase I development was completed by the end of 2018 with 60% of the apartments sold. Development on Phase II of the development was put on hold, as housing demand remained lacklustre. As described in our 2018's annual results, the Group was considering other options that would allow the joint venture to recoup its invested capital in Phase II of the project. After months of negotiations with a potential buyer, the Group successfully entered into a sale agreement with a third party in July 2019 in respect of all the remaining unsold units of Phase I together with the site for Phase II of the project. Owing to the payment arrangement, attributable distribution income resulted from disposal will be made to the Group in two stages, with HK$73 million distributed in the second half of 2019, and the remaining of approximately HK$180 million only upon receipt of residual sales proceeds. However, as the project incurred an operational loss of HK$18.0 million in 2019, resulting in a net gain of HK$55.0 million in share of results from the JV project.

Japan

***Tokyo Hotel Redevelopment Project*.**

Artistic rendering only

The Group acquired a hotel redevelopment site situated in close proximity to the landmark Roppongi Hills Midtown, Tokyo for JPY22.2 billion in 2016. Subsequently, the Group made follow up acquisition of surrounding small adjoining parcels of land to support the application for an increase in plot ratio of the site. Based on a higher plot ratio, total gross floor area of the expanded site is approximately 379,100 sq. ft.

World renowned architect, Kengo Kuma & Associates has been commissioned to design this 280-key flagship The Langham Hotel. Planning application has been submitted to the local government, and the contractor tender process has commenced in May 2019. However, as preliminary submissions received exceeded the budgeted amount, works are currently being undertaken to reduce construction costs to fall within the budgeted sum. Construction will commence after resolution of such matter.

United States

San Francisco Hotel Development Project, 1125 Market Street

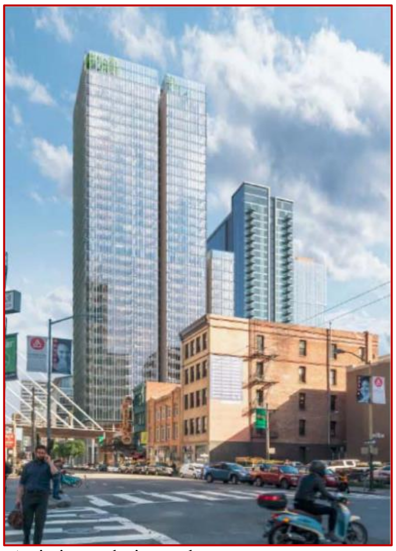

Artistic rendering only

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.

The site has been earmarked for the development of an "Eaton" hotel. After optimizing the design, the property can achieve a gross floor area of approximately 139,000 sq. ft. with 180-key. Updated plans were submitted to the city's planning department for review and has been favourably received. Construction of the project will start after the development rights for the hotel are approved by the city's planning department and construction documents are completed. The famous AvroKO group has been commissioned as the interior designer for this iconic Eaton Hotel project. Development approval is expected by the second quarter of 2020. We are reassessing the project's return due to the severe cost escalation of construction in San Francisco.

San Francisco Hotel Redevelopment Projects, 555 Howard Street

555 Howard Street is a redevelopment project located right across the new Transbay Transit Center, the recently launched US$4.5 billion transportation hub, in the heart of The East Cut San Francisco's new central business district in the South of Market (SOMA) area. The Group 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.



Artistic rendering only

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 a change in plan, the revised plan is to build a hotel with 400+ keys. Entitlement for the all hotel scheme was submitted in December 2018. Meanwhile, we are currently reassessing the project's returns given escalated construction costs in San Francisco.

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 approved for the development of a hotel, we are evaluating an opportunity to expand the development's floor area, and incorporate residential component 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. Design on the project is progressing well and assuming the revised development proposal, which will increase the current plot ratio of the project, is approved in 2020, we expect development entitlement can be obtained by the first quarter of 2021.

Europe

Venice Hotel Development Project, Island of Murano

The Group acquired a site on the island of Murano in Venice for EUR32.5 million in December 2019. The project is a combination of restoration to historic structures and new build construction that will consist of 140 keys with a total gross floor area of approximately 150,000 sq. ft. The project utilizes an existing building permit with the design to be modified and re-permitted as required to deliver the requirements of the Langham Brand. Venice, being a world heritage-listed city with its distinctive canal landscape and highly celebrated architects, attracts more than 20 million visitors each year. The completion of this hotel would help to extend our prestigious Langham brand to continental Europe after The Langham, London has solidified its position as one of the most luxurious hotels in the U.K. This investment is part of the Group's strategy to own hotels in strategic gateway cities that will anchor our hotel brand. We are currently working on the design of the hotel and completion of the hotel is expected in 2023.

OUTLOOK

Hong Kong's economy is facing an unprecedentedly challenging environment as we head into 2020. In addition to the lingering effects of the civil unrest that has continued to place tremendous pressure across its multiple sectors, the outbreak of a novel coronavirus (COVID-19) is expected to contract Hong Kong's economy even further. The highly infectious virus, which has led to substantial travel bans and lockdowns across China, will deliver a substantial hit to China's economy in the near term, and will also affect Hong Kong's economy severely.

In addition to increased global travel restrictions amid virus infections locally and overseas, mandated immobility due to the lockdowns has also substantially reduced China's manufacturing capability, resulting in significant disruption to global supply chains and worldwide trade, posing a significant threat to the global economy. Therefore, not only do we expect weak performance from the Hong Kong commercial properties to lower distribution income from Champion REIT and LHI, we also expect the EBITDA of our overseas hotel portfolio to be negatively impacted in 2020. Nonetheless, the Group's core profit in 2020 will be supported by the booking of profits from the sold units at ONTOLO.

In 2020, we will continue selling the remaining units at ONTOLO in Pak Shek Kok. However, as the Hong Kong's economy is slowing down substantially, resulting in rising unemployment and reduced disposal income, as well as the lack of interest from Mainland buyers, we expect the pace of sales will be significantly slower than last year. Nonetheless, as the expected sale proceeds from the sold units should be sufficient to cover construction costs of the project, the project should not run into financial difficulty despite the anticipated slow progress on sale.

For LHI, a dramatic slowdown in travel to Hong Kong will severely affect its hotel businesses in 2020. The payout ratio from 100% of distributable income of LHI to not less than 90% has been prepared. However, it is expected that the drastic slowdown in inbound tourists will severely lower the distributable income from LHI.

As for the Hotels Division, we expect EBITDA for the overall overseas hotels will slow down in 2020 given our outlook for the global economy as described above. The slowdown will be led by our hotels in China which have witnessed significantly lowered occupancies in the first two months of 2020 amid the lockdowns imposed by its government. Furthermore, as we mentioned in the overview section, with the Group's role as the lessee of LHI's hotels, we will suffer from even higher top-up rental payment in 2020 as LHI's hotels are in such a dire situation since the COVID-19 outbreak. The top-up in rental payment is included under the "others" segment of the Hotels EBITDA.

For Champion REIT, rental income of its office portfolio is facing downside risks in 2020 given the cautious outlook of office demand in Central. Moreover, the further devastated retail market would lead to a lower total rental income and distribution per unit.

Overall, we expect the Group's core recurring income to decline in 2020 and possibly in the medium term, but 2020's results will be lifted by gains from the sold units at ONTOLO, our luxury residential development project in Pak Shek Kok.

Looking forward, we seek to capitalise on our solid financial position established over the years, and to take advantage of any accommodative market conditions to embark on new opportunities to further strengthen our growth prospects in the long term. At the same time, the Group will also focus on developing the market potentials of selected existing hotel properties, which is progressing well. We will be prudently looking for acquisitions of sites and properties in Hong Kong, and in some overseas market.

FINANCIAL REVIEW

DEBT

On statutory reporting 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 2019 was HK$20,469 million, an decrease of HK$1,387 million compared to that as of 31 December 2018. The decrease in net borrowings was mainly due to cash generated from operations, cash distribution from a joint venture arising from disposal of Dalian project, sales deposit from Ontolo pre-sale units, proceeds from disposal of an investment property in the U.S., as offset by additional loans drawn for a development project in Hong Kong.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 31 December 2019 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK$68,922 million, representing a decrease of HK431 million compared to the value of HK$69,353 million as of 31 December 2018. The decrease was mainly attributable to valuation loss of investment property, distribution of dividends and increase in share premium from additional shares issued under employee share option scheme during 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 66.22%, 63.45% 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 2019 was 19.6%. 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 / (Cash) at 31 December 2019	On Consolidated Basis *HK$ million*	On Core Balance Sheet Basis *HK$ million*
Great Eagle	**291**	**291**
Champion REIT	**13,290**	**-**
LHI	**7,076**	**-**
U.S. Fund	**(188)**	**-**
Net debts	**20,469**	**291**

Net debts attributable to Shareholders of the Group	**13,487**	**291**
Equity Attributable to Shareholders of the Group	**68,922**	**77,397**
Net Gearing ratio^	**19.6%**	**0.4%**

^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$31,343 million as of 31 December 2019. Bank loans amounted to HK$18,231 million were secured by way of legal charges over certain of the Group's assets and business undertaking.

Outstanding gross debts[1][2]	Floating rate debts HK$ million	Fixed rate debts HK$ million	Utilised facilities HK$ million
Bank loans	**15,670**	**10,120**[5]	**25,790**[3]
Medium Term Notes	**843**	**4,710**[4]	**5,553**
Total	**16,513**	**14,830**	**31,343**
%	**52.7%**	**47.3%**	**100%**

(1) All amounts are stated at face value.
(2) All debt facilities were denominated in Hong Kong Dollars except for (3) and (4) below.
(3) Equivalence of HK$5,050 million loans were originally denominated in other currencies.
(4) 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.
(5) Included floating rate debts which have been swapped to fixed rate debts. As at 31 December 2019, the Group had outstanding interest rate swap contracts of notional amount HK$8,375 million to manage the interest rate exposure. The Group also entered into cross currency swaps of notional amount equivalent to HK$1,745 million in total, to mitigate exposure to fluctuations in exchange rate and interest rate of Japanese YEN.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 31 December 2019, our cash, bank deposits and undrawn loan facilities amounted to a total of HK$17,327 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 (including medium term notes) as of 31 December 2019:

Within 1 year	13.9%
More than 1 year but not exceeding 2 years	14.2%
More than 2 years but not exceeding 5 years	67.1%
More than 5 years	4.8%

FINANCE COST

The net consolidated finance cost during the year was HK$743 million in which HK$83 million was capitalised to property development projects. Overall interest cover at the reporting date was 4.7 times.

PLEDGE OF ASSETS

At 31 December 2019, properties of the Group with a total carrying value of approximately HK$41,832 million (31 December 2018: HK$67,594 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2019, the Group has authorised capital expenditure for investment properties and property, plant and equipment which is not provided for in these consolidated financial statements amounting to HK$7,841 million (31 December 2018: HK$8,374 million) of which HK$1,467 million (31 December 2018: HK$150 million) has been contracted for.

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

Taking into account the Company's expected cash flow positions and projected capital expenditure, the Board recommends the payment of a final dividend of HK50 cents per share (2018: HK50 cents per share) and a special final dividend of HK50 cents per share (2018: Nil) for the year ended 31 December 2019 to the Shareholders subject to the approval of the Shareholders at the forthcoming 2020 Annual General Meeting (the "**2020 AGM**").

Taken together with the interim dividend of HK33 cents per share paid on 17 October 2019, the total dividend for the year 2019 is HK$1.33 per share (2018 total dividend: HK83 cents per share, comprising an interim dividend of HK33 cents and a final dividend of HK50 cents).

Shareholders will be given the option to receive the proposed 2019 final dividend of HK50 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 2019 final dividend and special final dividend at the 2020 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 2020. Dividend warrants and share certificates in respect of the proposed 2019 final dividend and special final dividend are expected to be despatched to the Shareholders on 17 June 2020.

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 2020 AGM

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the 2020 AGM, the Registers of Members will be closed from Tuesday, 28 April 2020 to Tuesday, 5 May 2020, both days inclusive.

In order to be eligible to attend and vote at the 2020 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (the "**Branch Share Registrar**") of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 April 2020.

(ii) To qualify for the proposed 2019 final dividend and special final dividend

For the purpose of ascertaining the Shareholders' entitlement to the proposed 2019 final dividend and special final dividend, the Registers of Members will be closed from Tuesday, 12 May 2020 to Friday, 15 May 2020, both days inclusive.

In order to qualify for the proposed 2019 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, 11 May 2020.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2020 AGM of the Company will be held on Tuesday, 5 May 2020. The notice of 2020 AGM together with the 2019 Annual Report and all other relevant documents (the "**Documents**") will be despatched to the Shareholders before the end of March 2020. The Documents will also be published on the Company's website at www.greateagle.com.hk and the HKEXnews website 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 ("**CG Code**") and Corporate Governance Report. 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. Dr. Lo Ka Shui is the Executive Chairman and Managing Director of the Company. There is no service contract between the Company and Dr. Lo Ka Shui, and he is not appointed for any specified length or proposed length of services with the Company. 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, among other things, the re-election of retiring Directors, for Shareholders' information.

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 2019 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 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities.

NEW SHARES ISSUED

As at 31 December 2019, the total number of issued shares of the Company was 708,382,048. A total of 9,735,010 new shares were issued during the year.

- On 8 July 2019, 7,746,010 new shares were issued at the price of HK$33.16 per share pursuant to the Scrip Dividend Arrangement in respect of the 2018 final dividend. Details of the Arrangement were set out in the announcement published by the Company on 3 June 2019 and the circular to the Shareholders dated 6 June 2019 respectively.

- During the year ended 31 December 2019, 1,989,000 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 2019 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 2019 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 draft 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.

EMPLOYEES

As at 31 December 2019, the number of employees of the Group, including our head office management team, and frontline hotel and property management and operation colleagues, decreased approximately 4.5% to 6,366 (2018: 6,666). Staff costs (including Directors' emoluments) amounted to HK$2,570.7 million (2018: HK$2,592.3 million). Salary levels of employees are competitive and discretionary bonuses are granted based on performance of the Group as well as performance of individual employees. Other employee benefits include educational allowance, insurance, medical scheme and provident fund schemes. Senior employees (including executive directors) are entitled to participate in the Great Eagle Holdings Limited Share Option Scheme. Apart from offering a competitive compensation and benefits package, we provide corporate and vocational training to our colleagues according to the training and development policy of the Group.

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, 25 February 2020

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	**2019** **HK$'000**	2018 HK$'000
Revenue	4	**9,236,830**	10,156,180
Cost of goods and services		**(5,194,954)**	(5,992,257)
Operating profit before depreciation		**4,041,876**	4,163,923
Depreciation		**(768,529)**	(712,514)
Operating profit		**3,273,347**	3,451,409
Fair value changes on investment properties		**(2,146,787)**	6,660,669
Fair value changes on derivative financial instruments		**(51,303)**	(77,541)
Fair value changes on financial assets at fair value through profit or loss		**24,837**	(37,618)
Other income	6	**232,036**	259,866
Administrative and other expenses		**(639,038)**	(511,718)
Finance costs	7	**(884,426)**	(821,256)
Share of results of joint ventures		**43,860**	(10,389)
Share of results of associates		**1,191**	773
(Loss) profit before tax		**(146,283)**	8,914,195
Income taxes	8	**(429,789)**	(526,500)
(Loss) profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	9	**(576,072)**	8,387,695
(Loss) profit for the year attributable to:			
Owners of the Company		**(337,790)**	5,810,713
Non-controlling interests		**(49,451)**	(90,760)
		(387,241)	5,719,953
Non-controlling unitholders of Champion REIT		**(188,831)**	2,667,742
		(576,072)	8,387,695
(Loss) earnings per share:	11		
Basic		**(HK$0.48)**	HK$8.33
Diluted		**(HK$0.48)**	HK$8.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 **HK$'000**	2018 HK$'000
(Loss) profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	**(576,072)**	8,387,695
Other comprehensive income (expense):		
Items that will not be reclassified to profit or loss:		
Fair value gain (loss) on equity instruments at fair value through other comprehensive income	**67,875**	(122,078)
Share of other comprehensive expense of an associate	**(8,312)**	(13,655)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(13,303)**	(231,759)
Share of other comprehensive income (expense) of a joint venture	**11,366**	(44,880)
Cash flow hedges:		
Fair value adjustment on cross currency swaps and interest rate swaps designated as cash flow hedges	**57,113**	(8,540)
Reclassification of fair value adjustments to profit or loss	**2,668**	(509)
Other comprehensive income (expense) for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**117,407**	(421,421)
Total comprehensive (expense) income for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**(458,665)**	7,966,274
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	**(237,343)**	5,390,474
Non-controlling interests	**(52,720)**	(88,883)
	(290,063)	5,301,591
Non-controlling unitholders of Champion REIT	**(168,602)**	2,664,683
	(458,665)	7,966,274

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Investment properties		**87,322,962**	89,408,450
Property, plant and equipment		**20,201,239**	19,630,708
Interests in joint ventures		**112,116**	1,352,771
Interests in associates		**55,700**	68,755
Equity instruments at fair value through other comprehensive income		**1,034,736**	900,472
Notes and loan receivables		**755,421**	339,100
Derivative financial instruments		**65,652**	66,322
		109,547,826	111,766,578
Current assets			
Stock of properties		**6,096,557**	4,685,334
Inventories		**126,821**	145,990
Debtors, deposits and prepayments	12	**853,885**	995,993
Notes and loan receivables		**15,613**	-
Financial assets at fair value through profit or loss		**234,665**	230,032
Derivative financial instruments		**11,562**	71
Tax recoverable		**608**	1,054
Restricted cash		**166,405**	170,798
Time deposits with original maturity over three months		**200,000**	702,833
Bank balances and cash		**10,706,504**	8,544,217
		18,412,620	15,476,322
Asset classified as held for sale		**-**	1,182,557
		18,412,620	16,658,879
Current liabilities			
Creditors, deposits and accruals	13	**4,534,943**	3,882,883
Derivative financial instruments		**4,198**	-
Provision for taxation		**526,998**	104,119
Distribution payable		**264,668**	271,748
Borrowings due within one year		**4,146,215**	4,981,198
Medium term notes		**199,929**	-
Lease liabilities		**11,513**	-
		9,688,464	9,239,948
Net current assets		**8,724,156**	7,418,931
Total assets less current liabilities		**118,271,982**	119,185,509

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	2019 HK$'000	2018 HK$'000
Non-current liabilities		
Derivative financial instruments	**115,007**	99,969
Borrowings due after one year	**21,523,056**	20,643,663
Medium term notes	**5,326,277**	5,536,292
Deferred taxation	**1,379,636**	1,395,342
Lease liabilities	**18,232**	-
	28,362,208	27,675,266
NET ASSETS	**89,909,774**	91,510,243
Equity attributable to:		
Owners of the Company		
Share capital	**354,191**	349,324
Share premium and reserves	**68,568,106**	69,003,488
	68,922,297	69,352,812
Non-controlling interests	**(913,557)**	(547,961)
	68,008,740	68,804,851
Net assets attributable to non-controlling unitholders of Champion REIT	**21,901,034**	22,705,392
	89,909,774	91,510,243

1. GENERAL

Great Eagle Holdings Limited (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 ("HK$"), which is also the functional currency of the Company.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (collectively referred to as the "Group") has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *"Leases"* ("HKAS 17"), and the related interpretations. The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 *"Determining whether an Arrangement contains a Lease"* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[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 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
[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 2020.

The Directors of the Company anticipate that the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group in the foreseeable future.

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 2018.

4. REVENUE

Revenue represents the aggregate of income from hotel operation, 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).

	2019	2018
	HK$'000	HK$'000
Hotel income	**5,545,524**	5,950,684
Rental income from investment properties	**2,918,917**	2,943,531
Building management service income	**321,697**	313,521
Sales of properties	**45,947**	578,156
Sales of goods	**213,728**	197,478
Dividend income	**21,370**	26,247
Others	**169,647**	146,563
	9,236,830	10,156,180

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 financial information of Langham.
US Real Estate Fund	-	based on income from sale of properties and related expenses of the properties owned by the US Real Estate Fund.

5. SEGMENT INFORMATION - continued

Segment results of Champion REIT represent the published net property income less manager's fee. Segment results of Langham represent revenue less property related expenses and services fees. Segment results of US Real Estate Fund represent revenue less fund related expenses. Segment results of other operating segments represent the results of each segment without including any effect of allocation of interest income from bank balances and cash centrally managed, central administration costs, Directors' salaries, share of results of 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"), other income, finance costs and income taxes. The hotel operation segment result has been arrived at after reversing intra-group HKFRS 16 impact for its role as a lessee to the three hotel properties owned by Langham. 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

2019

	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	5,545,524	217,951	-	404,745	6,168,220	3,019,905	1,659	47,046	-	9,236,830
Inter-segment revenue	54,651	682	-	424,881	480,214	60,765	482,224	-	(1,023,203)	-
Total	5,600,175	218,633	-	829,626	6,648,434	3,080,670	483,883	47,046	(1,023,203)	9,236,830

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	779,817	168,204	-	562,284	1,510,305	2,182,965	448,300	(43,074)	(56,620)	4,041,876
Depreciation					(599,135)	-	(226,071)	-	56,677	(768,529)
Operating profit after depreciation					911,170	2,182,965	222,229	(43,074)	57	3,273,347
Fair value changes on investment properties					(152,851)	(1,994,379)	-	(357)	800	(2,146,787)
Fair value changes on derivative financial instruments					(36,412)	-	(14,891)	-	-	(51,303)
Fair value changes on financial assets at FVTPL					24,837	-	-	-	-	24,837
Other income					9,178	-	69	-	(1,029)	8,218
Administrative and other expenses					(596,610)	(23,896)	(13,328)	(8,881)	3,677	(639,038)
Net finance costs					9,882	(444,153)	(220,147)	(11,951)	5,761	(660,608)
Share of results of joint ventures					43,860	-	-	-	-	43,860
Share of results of associates					1,191	-	-	-	-	1,191
Loss before tax					214,245	(279,463)	(26,068)	(64,263)	9,266	(146,283)
Income taxes					(119,453)	(290,859)	(19,612)	-	135	(429,789)
Loss for the year					94,792	(570,322)	(45,680)	(64,263)	9,401	(576,072)
Less: Loss attributable to non-controlling interests/non-controlling unitholders of Champion REIT					(3,328)	188,831	16,546	36,233	-	238,282
Loss attributable to owners of the Company					91,464	(381,491)	(29,134)	(28,030)	9,401	(337,790)

5. SEGMENT INFORMATION - continued

Segment revenue and results - continued

2018

	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	5,950,684	230,159	-	370,288	6,551,131	2,940,311	375	664,363	-	10,156,180
Inter-segment revenue	72,132	682	-	400,209	473,023	24,661	615,125	-	(1,112,809)	-
Total	6,022,816	230,841	-	770,497	7,024,154	2,964,972	615,500	664,363	(1,112,809)	10,156,180

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	854,304	182,285	-	541,156	1,577,745	2,116,684	587,002	(105,480)	(12,028)	4,163,923
Depreciation					(520,895)	-	(190,981)	-	(638)	(712,514)
Operating profit after depreciation					1,056,850	2,116,684	396,021	(105,480)	(12,666)	3,451,409
Fair value changes on investment properties					305,424	6,411,601	-	(66,491)	10,135	6,660,669
Fair value changes on derivative financial instruments					(67,351)	-	(10,190)	-	-	(77,541)
Fair value changes on financial assets at FVTPL					(37,618)	-	-	-	-	(37,618)
Other income					111,560	-	-	1,226	(12,795)	99,991
Administrative and other expenses					(466,976)	(27,399)	(12,331)	(14,953)	9,941	(511,718)
Net finance costs					(42,880)	(400,005)	(188,639)	(29,857)	-	(661,381)
Share of results of joint ventures					(10,389)	-	-	-	-	(10,389)
Share of results of associates					773	-	-	-	-	773
Profit before tax					849,393	8,100,881	184,861	(215,555)	(5,385)	8,914,195
Income taxes					(186,222)	(288,824)	(51,589)	-	135	(526,500)
Profit for the year					663,171	7,812,057	133,272	(215,555)	(5,250)	8,387,695
Less: Profit attributable to non-controlling interests/non-controlling unitholders of Champion REIT					561	(2,667,742)	(49,948)	140,147	-	(2,576,982)
Profit attributable to owners of the Company					663,732	5,144,315	83,324	(75,408)	(5,250)	5,810,713

6. OTHER INCOME

	2019 HK$'000	2018 HK$'000
Interest income on:		
Bank deposits	**164,903**	126,871
Financial assets at FVTPL	**975**	8,578
Notes receivable	**33,052**	8,406
Others	**24,888**	16,020
	223,818	159,875
Recovery of bad debts	**148**	645
Sundry income	**8,070**	13,282
Income arising from historical tax credit	**-**	86,064
	232,036	259,866

7. FINANCE COSTS

	2019	2018
	HK$'000	HK$'000
Interest on bank borrowings	**689,433**	648,473
Interest on medium term notes	**196,555**	176,868
Interest on lease liabilities	**1,372**	-
Other borrowing costs	**79,912**	65,045
	967,272	890,386
Less: amount capitalised	**(82,846)**	(69,130)
	884,426	821,256

8. INCOME TAXES

	2019	2018
	HK$'000	HK$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	**356,196**	379,379
Other jurisdictions	**92,574**	100,227
	448,770	479,606
(Over)underprovision in prior years:		
Hong Kong Profits Tax	**(628)**	(1,830)
Other jurisdictions	**(4,695)**	2,170
	(5,323)	340
	443,447	479,946
Deferred tax:		
Current year	**(10,600)**	46,271
(Over)underprovision in prior years	**(3,058)**	283
	(13,658)	46,554
	429,789	526,500

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

9. (LOSS) PROFIT FOR THE YEAR

	2019	2018
	HK$'000	HK$'000
(Loss) profit for the year has been arrived at after charging:		
Staff costs (including Directors' emoluments)	**2,570,669**	2,592,289
Share-based payments (including Directors' emoluments)	**31,506**	30,674
	2,602,175	2,622,963
Depreciation	**768,529**	712,514
Auditor's remuneration	**15,735**	15,801
Trustee's remuneration	**14,685**	14,084
Cost of inventories recognised as an expense	**689,790**	692,546
Write-down of properties held for sale (included in cost of goods and services)	**32,525**	183,660
Net exchange loss (included in administrative and other expenses)	**15,205**	2,275
Fitting-out works of hotel buildings written off	**47,558**	3,985
Allowance for doubtful debts	**507**	1,162
Operating lease payments on rented premises	**18,723**	19,661
Share of tax of a joint venture (included in the share of results of joint ventures)	**146**	6,349
Share of tax of associates (included in the share of results of associates)	**-**	73
and after crediting:		
Share of tax credit of associates (included in the share of results of associates)	**6**	-
Recovery of bad debts	**148**	645
Dividend income from		
- equity instruments at fair value through other comprehensive income	**14,659**	20,947
- financial assets at FVTPL	**6,711**	5,300
Rental income from investment properties less related outgoings of HK$204,556,000 (2018: HK$219,106,000)	**2,714,361**	2,724,425

10. DIVIDENDS

	2019 **HK$'000**	2018 HK$'000
Dividends paid:		
- Final dividend of HK50 cents in respect of the financial year ended 31 December 2018 (2018: HK48 cents in respect of the financial year ended 31 December 2017) per ordinary share	**350,289**	331,748
- Special final dividend of HK50 cents in respect of the financial year ended 31 December 2017 per ordinary share	**-**	345,573
	350,289	677,321
- Interim dividend of HK33 cents in respect of the financial year ended 31 December 2019 (2018: HK33 cents in respect of the financial year ended 31 December 2018) per ordinary share	**233,764**	230,539
	584,053	907,860

On 8 July 2019, a final dividend of HK50 cents per ordinary share, which included scrip dividend alternatives offered to shareholders, was paid to shareholders as the final dividend in respect of the financial year ended 31 December 2018.

On 11 June 2018, 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 2017.

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

	2019 **HK$'000**	2018 HK$'000
Dividends:		
Cash	**93,431**	83,414
Share alternative	**256,858**	248,334
	350,289	331,748

	2019 **HK$'000**	2018 HK$'000
Dividends proposed:		
- Proposed final dividend of HK50 cents in respect of the financial year ended 31 December 2019 (2018: HK50 cents in respect of the financial year ended 31 December 2018) per ordinary share	**354,191**	349,324
- Proposed special final dividend of HK50 cents in respect of the financial year ended 31 December 2019 (2018: nil) per ordinary share	**354,191**	-
	708,382	349,324

The proposed final dividends in respect of the financial year ended 31 December 2019 is subject to approval by the shareholders in the forthcoming annual general meeting.

11. (LOSS) EARNINGS PER SHARE

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

	2019	2018
	HK$'000	HK$'000
Earnings		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share ((Loss) profit for the year attributable to owners of the Company)	**(337,790)**	5,810,713

	2019	2018
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**707,927,393**	697,631,167
Effect of dilutive potential shares:		
Share options	**499,038**	1,457,145
Weighted average number of shares for the purpose of diluted earnings per share	**708,426,431**	699,088,312

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	HK$'000
Trade debtors, net of allowance for doubtful debts	**182,037**	247,768
Deferred lease payments	**168,585**	170,453
Retention money receivables	**14,731**	11,368
Other receivables	**233,095**	242,949
Deposits and prepayments	**255,437**	323,455
	853,885	995,993

Included in the balance of debtors, deposits and prepayments are trade debtors (net of impairment losses) of HK$182,037,000 (2018: HK$247,768,000). 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.

12. DEBTORS, DEPOSITS AND PREPAYMENTS - continued

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

	2019	2018
	HK$'000	HK$'000
Within 3 months	**170,481**	238,004
More than 3 months but within 6 months	**5,510**	3,626
Over 6 months	**6,046**	6,138
	182,037	247,768

13. CREDITORS, DEPOSITS AND ACCRUALS

	2019	2018
	HK$'000	HK$'000
Trade creditors	**269,948**	261,003
Deposits received	**852,764**	820,214
Customer deposits and other deferred revenue	**898,412**	245,370
Construction fee payable and retention money payable	**389,426**	372,292
Accruals, interest payable and other payables	**2,124,393**	2,184,004
	4,534,943	3,882,883

Included in the accruals is accrual of stamp duty based on the current stamp duty rate of 4.25% (2018: 4.25%) on 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:

	2019	2018
	HK$'000	HK$'000
Within 3 months	**253,058**	244,176
More than 3 months but within 6 months	**3,099**	5,149
Over 6 months	**13,791**	11,678
	269,948	261,003

14. EVENT AFTER THE END OF THE REPORTING PERIOD

The outbreak of a coronavirus (COVID-19) has led to substantial travel bans and lockdowns across China. Increased global travel restrictions amid virus infections locally and overseas also substantially reduced China’s manufacturing capability, resulting in significant disruption to global supply chains and worldwide trade, posing a significant threat to the global economy. Therefore, not only does the Group expect weak performance from the commercial properties and hotel portfolio in Hong Kong, but also expect the performance of the overseas hotel portfolio to be negatively impacted in 2020. Given the dynamic nature of these circumstances, the related impact on our Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage and will be reflected in the Group's 2020 interim and annual financial statements.