

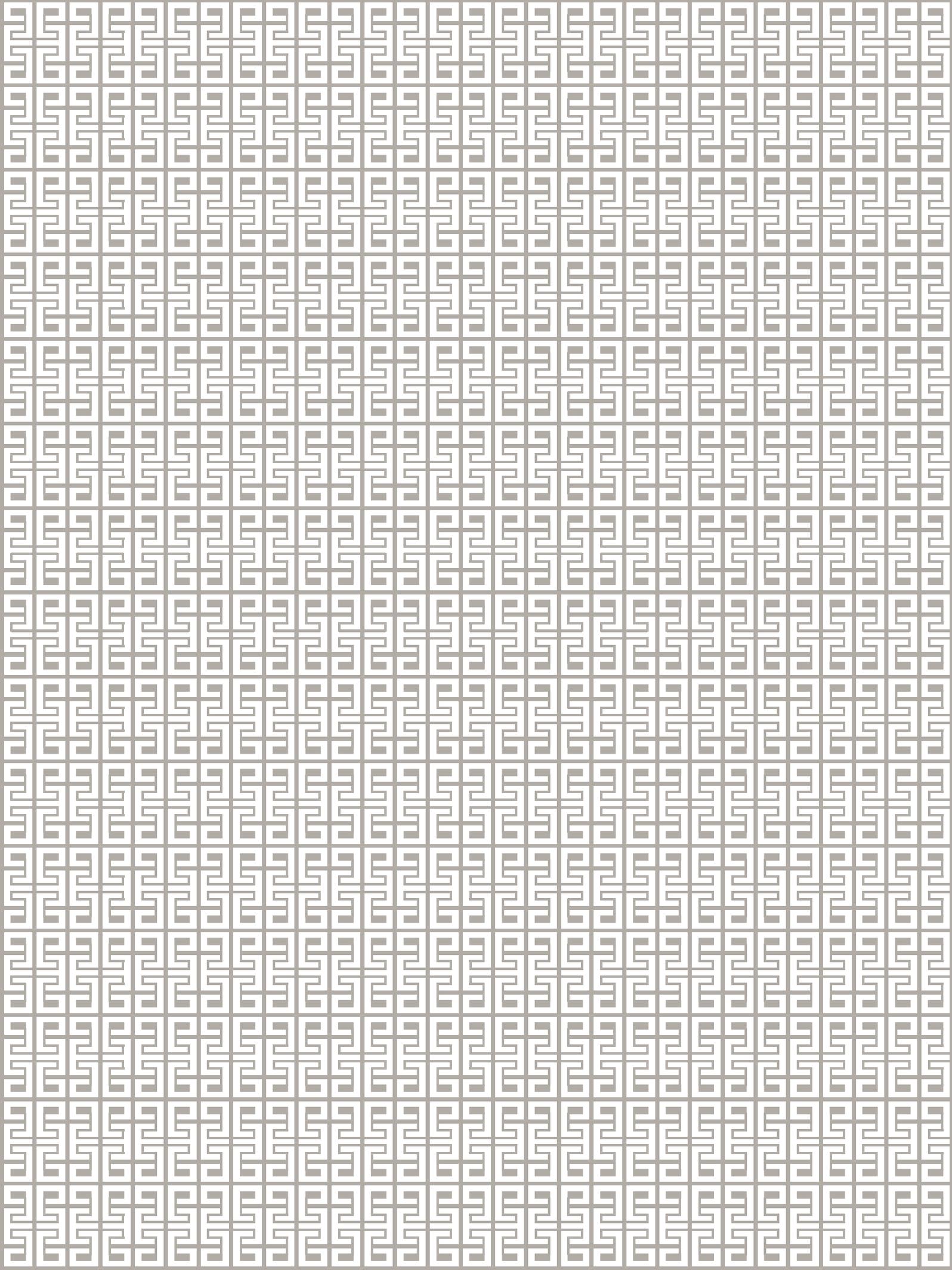


鷹君集團有限公司
Great Eagle
Holdings Limited

Incorporated in Bermuda with limited liability
(Stock Code: 41)

Annual Report 2023







ANNIVERSARY

The Great Eagle
Group of Companies







The first annual report published in 1973.

MESSAGE FROM THE CHAIRMAN

Our Founder, Mr. Lo Ying Shek, established the Great Eagle Group in 1963 with a vision to build solid foundations with virtue and integrity in the common ground of Hong Kong.

Born into a world of chaos and poverty, he never had the benefit of a proper education, nor the benefit of a stable childhood. Nonetheless, he learned the essential values of – first and foremost – how to be a good man, and soon after, a genuine leader. A leader who unfailingly walked the talk.

As we celebrate the Great Eagle Group's 60th anniversary, we pay tribute to him, and many others who joined his journey, as we remain true to the common values and ideals that we all share.

We are rightly proud of our achievements here in Hong Kong and around the globe, but we also remember and learn from challenges faced along the way. We shall never forget those who offered a helping hand at critical junctures; and we remain forever grateful to our business partners, financial supporters, family members and of course, every single one of our colleagues, past and present.

I feel now is the right moment to affirm my personal commitment to our Founder's principles of honesty, perseverance, decency, professionalism and an unwavering belief in the good of humanity.

Rising from humble beginnings, our collective determination has allowed us to evolve in the face of constant challenges. And as we look towards the future, we will embrace these changes and capitalise on opportunities that shape our destiny under a common sky.

I sincerely invite you to continue on this amazing journey together.



Dr. Lo Ka Shui
Chairman and Managing Director
Great Eagle Holdings Limited

MILESTONE

1963

Mr. Lo Ying Shek founded The Great Eagle Company, Limited.

1972

The Great Eagle Company, Limited was listed on the Hong Kong Stock Exchange.

1975

The Group purchased lands diligently for industrial developments.

1976

The Group acquired a site in Tsim Sha Tsui East for a five-star hotel construction.

1977

The Group earned considerable profits from the strata-titled sale of completed industrial buildings.

The Group acquired a site in Kowloon City near Kai Tak Airport for an airport hotel development.

1978

The Group completed the construction of Watford Villa in The Peak and Villa Tahoe in Clearwater Bay.

The Group won the tender to develop Yau Tong Centre (formerly named as Yau Tong Sun Chuen) under the Home Ownership Scheme and acquired a site at Harbour Road, Wanchai for the development of Great Eagle Centre.

1980

The Group spun off Regal Hotels (Holdings) Limited for separate listing.

1981

The Group completed the construction of the massive luxury villa project The Riviera in Clearwater Bay.

1983

The Group completed the construction of Great Eagle Centre.

1984

Hong Kong property market crashed. The Group faced debt crisis. Thereafter, Ventris Place, Park Place and a portion of Great Eagle Centre were sold to repay debt. The Group was forced to sell its shareholding in Regal Hotels (Holdings) Limited.

1985

The Group completed bank restructuring. Rights issue was done to recapitalize the Group.

The Group purchased luxury residential developments Regent On The Park on Kennedy Road from bank receivers, then further acquired Birchwood Place on MacDonnell Road and The Brentwood on Repulse Bay Road. These projects put the Group on the path to recovery.

The Group acquired a site in Repulse Bay and developed it into duplex apartments and luxury houses named Belleview Place.

1986

The Group developed the sites at Village Road, Happy Valley and Wanchai Gap Road as Eaton House (later renamed Eaton Residences).

In 1986-87, the Group acquired the entire block of Tower A, Tower B, and majority units of Tower C of the Tregunter Tower complex in Mid-Levels, Central. Later on, the remaining units of Tower C were also acquired. A new plan was derived to increase the height of Tower C to 66 stories, making it the tallest residential building in the world at that time.

1987

The Group acquired a site at Yau Ma Tei to develop Astor Plaza and Eaton Hotel, and acquired London Theatre Building in Jordan and redeveloped it into London Plaza (now known as Chuang's London Plaza).

1988

The Group successfully sold the entire Tregunter complex with the new plan for Tower C for HK\$1.8 billion. This put the Group in strong cash rich position.

The Group redeveloped Valley Villa at Blue Pool Road as Eaton House (later renamed Eaton Residences).

1989

In February, the Group entered into an agreement with Land Development Corporation (now known as Urban Renewal Authority) to jointly develop the Argyle Street/Shanghai Street (No. K2) redevelopment project in Mongkok (now Langham Place), with Land Development Corporation owning 50% profit sharing of the project.

The Group successfully bid for the site of Citibank Plaza (later renamed Three Garden Road) at a very low cost.

1990	The first Eaton Hotel opened.
1992	The Group completed the construction of Citibank Plaza (later renamed Three Garden Road).
1994	The Group acquired the 5-star hotel Hong Kong Renaissance Hotel (later renamed Great Eagle Hotel and Langham Hotel, Hong Kong in 1998 and 2003 respectively).
1995	Toptech Co. Limited, a subsidiary of the Group involved in trading of building and architectural products, extended its trading activities to certain major cities in the Mainland.
1996	The Group sold the Watford Villa for a record price of HK\$20,000 per sq. ft. The Group completed the purchase of The Langham Hilton (later known as The Langham, London) in London and began to acquire luxury hotels around the world.
1997	The Group acquired Delta Chelsea Inn (later renamed Chelsea Hotel, Toronto) in Toronto. The Group acquired Sheraton Towers Southgate Hotel (later renamed The Langham, Melbourne) in Melbourne, Sheraton Auckland Hotel and Towers (later renamed Cordis, Auckland) and Hotel Le Meridien (later renamed The Langham, Boston) in Boston.
1999	After 10 years of land resumption for the redevelopment of the site in Mongkok, the entire site was cleared for the commencement of foundation works.
2001	The Group acquired 50% interest of Langham Place from Land Development Corporation.
2003	Great Eagle Hotels International changed its name to Langham Hotels International and started management business.
2004	The Group completed the construction of Langham Place.
2006	The Group spun off Champion REIT for separate listing.
2008	The Group acquired Ritz-Carlton Huntington Hotel and Spa in Pasadena, California (later renamed The Langham Huntington, Pasadena).
2010	The Langham, Shanghai, Xintiandi opened.
2012	The Group acquired The Observatory Hotel in Sydney and rebranded it as The Langham, Sydney.
2013	The Group spun off Langham Hospitality Investments for separate listing. The Langham, Chicago opened. The Group acquired hotel in New York and rebranded as Langham Place, Fifth Avenue, New York (later renamed The Langham, Fifth Avenue, New York).
2014	The Group acquired a site at Pak Shek Kok, Tai Po for residential development.
2015	Langham Hospitality Group launched Cordis Hotels and Resorts brand with its first flagship in Hong Kong.
2017	Cordis, Shanghai, Hongqiao opened.
2018	Eaton DC opened.
2019	ONTOLO in Pak Shek Kok, Tai Po was put up for sale.
2021	The Group signed a novation agreement where Great Eagle and MTR Corporation Limited join hands in development for the Ho Man Tin Station Package One Property Development project.
2022	Langham Hospitality Group launched Ying'nFlo, a hospitality brand which focuses on Millennials and Generation Z. Ying'nFlo, Wanchai, Hong Kong opened. There are plans to expand in Hong Kong and the Mainland.
2023	Ying'nFlo, Wesley Admiralty, Hong Kong opened. Together with other joint venture partners, the Group established two joint ventures for development of residential projects at Kai Tak and Ma Tau Chung area respectively.

CORPORATE PROFILE

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

The Group's principal holdings include a 69.23% interest (as at 31 December 2023) in Champion Real Estate Investment Trust ("Champion REIT"), and a 70.23% interest (as at 31 December 2023) in Langham Hospitality Investments and Langham Hospitality Investments Limited ("LHI"). Champion REIT owns a Grade-A commercial office space in Three Garden Road as well as the office tower and shopping mall of Langham Place. Besides, Champion REIT also holds 27% interest in a Grade-A commercial complex located in 66 Shoe Lane of Central London. As for LHI, it holds three high quality hotels in the heart of Kowloon, including The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK.

The Group's development projects include two luxury residential development projects, as well as shareholding interests in two joint venture development projects in Hong Kong, two development projects in San Francisco, U.S., a development project in Seattle, U.S., and two hotel development projects in Tokyo, Japan and Venice, Italy respectively. The Group is also active in property management and maintenance services as well as building materials trading.

The Group's extensive international hotel portfolio currently comprises twenty-nine properties with more than 10,000 rooms, including twenty-four luxury hotels branded under The Langham, Langham Place and Cordis brands in Hong Kong, London, New York, Chicago, Boston, Los Angeles, Sydney, Melbourne, Gold Coast, Auckland, Jakarta, Shanghai, Beijing, Shenzhen, Guangzhou, Haikou, Ningbo, Xiamen, Hefei, Changsha and Xuzhou; two Eaton hotels in Washington D.C. and Hong Kong; Ying'nFlo in Hong Kong and the Chelsea hotel in Toronto.

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

The Group had a core profit after tax of approximately HK\$1,858 million in the financial year 2023 and a net asset value (based on share of net assets of Champion REIT and LHI) of approximately HK\$65.32 billion as of 31 December 2023.

Corporate
Video



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CORPORATE INFORMATION

DIRECTORS

LO Ka Shui (*Chairman and Managing Director*)
LO TO Lee Kwan[#]
WONG Yue Chim, Richard*
LEE Pui Ling, Angelina*
ZHU Qi*
HO Shut Kan*
Diana Ferreira CESAR*
LO Hong Sui, Antony
LAW Wai Duen
LO Hong Sui, Vincent[#]
LO Ying Sui[#]
LO Chun Him, Alexander
KAN Tak Kwong (*General Manager*)
CHU Shik Pui
POON Ka Yeung, Larry

[#] Non-executive Directors

* Independent Non-executive Directors

AUDIT COMMITTEE

ZHU Qi (*Chairman*)
WONG Yue Chim, Richard
LEE Pui Ling, Angelina
HO Shut Kan

REMUNERATION COMMITTEE

LEE Pui Ling, Angelina (*Chairwoman*)
WONG Yue Chim, Richard
ZHU Qi
HO Shut Kan

NOMINATION COMMITTEE

WONG Yue Chim, Richard (*Chairman*)
LEE Pui Ling, Angelina
ZHU Qi
HO Shut Kan

FINANCE COMMITTEE

LO Ka Shui (*Chairman*)
KAN Tak Kwong
LO Chun Him, Alexander
CHU Shik Pui

COMPANY SECRETARY

WONG Mei Ling, Marina

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

Appleby
Clayton Utz
Clifford Chance
Jones Day
Mayer Brown
Morrison & Foerster
Pillsbury Winthrop Shaw Pittman LLP
Reed Smith Richards Butler LLP
Shartsis Friese LLP

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Citibank, N.A.
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Mizuho Bank, Limited
Oversea-Chinese Banking Corporation, Limited
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

33rd Floor, Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2827 3668
Fax: (852) 2827 5799

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

WEBSITE

www.GreatEagle.com.hk

STOCK CODE

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INFORMATION FOR INVESTORS

FINAL DIVIDEND

The Board of Directors recommends the payment of a final dividend in the form of cash in the amount of HK50 cents per share (2022: HK50 cents per share) for the year ended 31 December 2023 to the shareholders whose names appear on the Registers of Members of the Company on Tuesday, 11 June 2024 subject to the approval of the Shareholders at the forthcoming 2024 Annual General Meeting.

Taken together with the interim dividend of HK37 cents per share paid on 13 October 2023, the total dividend for the year 2023 is HK87 cents per share (2022 total dividend: HK83 cents per share, comprising an interim dividend of HK33 cents and a final dividend of HK50 cents).

Dividend warrants in respect of the proposed 2023 final dividend are expected to be despatched to the Shareholders on 20 June 2024.

CLOSURE OF REGISTERS OF MEMBERS

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

(i) To attend and vote at the 2024 Annual General Meeting

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the 2024 Annual General Meeting, the Registers of Members of the Company will be closed from Friday, 24 May 2024 to Wednesday, 29 May 2024, both days inclusive.

In order to be eligible to attend and vote at the 2024 Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong for registration not later than 4:30 p.m. on Thursday, 23 May 2024.

(ii) To qualify for the proposed 2023 Final Dividend

For the purpose of ascertaining the Shareholders' entitlement to the proposed 2023 final dividend, the Registers of Members of the Company will be closed from Wednesday, 5 June 2024 to Tuesday, 11 June 2024, both days inclusive.

In order to qualify for the proposed 2023 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 Tuesday, 4 June 2024.

FINANCIAL CALENDAR

2023 Interim Results Announcement	:	25 August 2023
Payment of 2023 Interim Dividend	:	13 October 2023
2023 Annual Results Announcement	:	6 March 2024
Closure of Registers for ascertaining the entitlement to attend and vote at the 2024 Annual General Meeting	:	24 May 2024 – 29 May 2024 (both days inclusive)
2024 Annual General Meeting	:	29 May 2024
Ex-dividend Date	:	3 June 2024
Closure of Registers for ascertaining the entitlement to proposed 2023 Final Dividend	:	5 June 2024 – 11 June 2024 (both days inclusive)
Record Date for the proposed 2023 Final Dividend	:	11 June 2024
Payment of the proposed 2023 Final Dividend	:	20 June 2024

Our Website



FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2023 HK\$ million	2022 HK\$ million	Change
Key Financials on Income Statement			
Based on core business¹			
Revenue based on core business	7,522.3	6,536.3	+15.1%
Core profit after tax attributable to equity holders	1,858.1	1,402.6	+32.5%
Core profit after tax attributable to equity holders (per share)	HK\$2.49	HK\$1.90	
Based on statutory accounting principles²			
Revenue based on statutory accounting principles	10,644.2	8,884.8	+19.8%
Statutory profit/(loss) attributable to equity holders	763.5	(181.4)	n.m.
Interim dividend (per share)	HK\$0.37	HK\$0.33	
Final dividend (per share)	HK\$0.50	HK\$0.50	
Total dividend (per share)	HK\$0.87	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, LHI and the U.S. Fund, as well as realised gains and losses on financial assets. The management's discussion and analysis focus on the core profit of the Group.

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

	As at the end of	
	December 2023	June 2023
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	13.4%	10.1%
Book value (per share)	HK\$87.4	HK\$87.1
Based on statutory accounting principles²		
Net gearing ^{3,4}	39.5%	35.6%
Book value (per share)	HK\$75.9	HK\$76.2

¹ The Group's core balance sheet is derived from our share of LHI's net assets. 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 20.

² As for the Group's balance sheet prepared under statutory accounting principles, the entire debts of Champion REIT, LHI and the U.S. Fund were consolidated in aggregate. However, the Group only owned a 69.23%, 70.23% and 49.97% equity stakes in Champion REIT, LHI and the U.S. Fund respectively as at the end of December 2023.

³ Net gearing based on statutory accounting principles is arrived at by dividing net debts attributable to Shareholders of the Group by equity attributable to Shareholders of the Group based on appraised value of investment properties and depreciated cost of hotel properties.

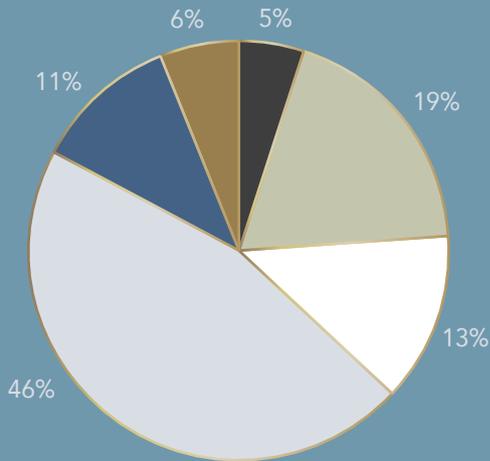
⁴ Since most of the Group's owned hotels were acquired years ago, their market value well exceed their depreciated costs. Should estimated market value instead of depreciated cost be recognized in the consolidated financial statements for these hotels, the net gearing ratio would be reduced from 39.5% to 29.3%, and the relevant book value per share will rise from HK\$75.9 to HK\$102.2.

2023 Annual Results
Presentation



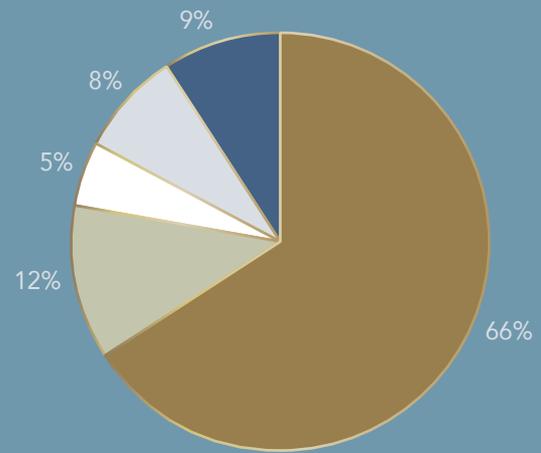
ASSETS EMPLOYED

Total Assets
HK\$98,801 million



- Property investment
- Hotel operation
- Property development
- Share of assets of Champion REIT
- Share of assets of LHI
- Other operations

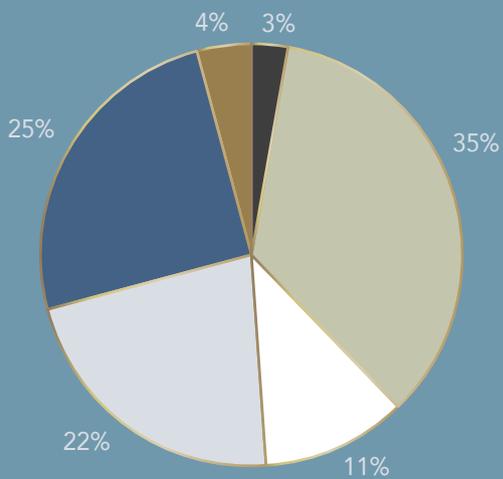
FINANCED BY



- Equity attributable to equity holders
- Share of liabilities of Champion REIT
- Share of liabilities of LHI
- Non-current liabilities
- Current liabilities

OPERATING INCOME FROM CORE BUSINESS

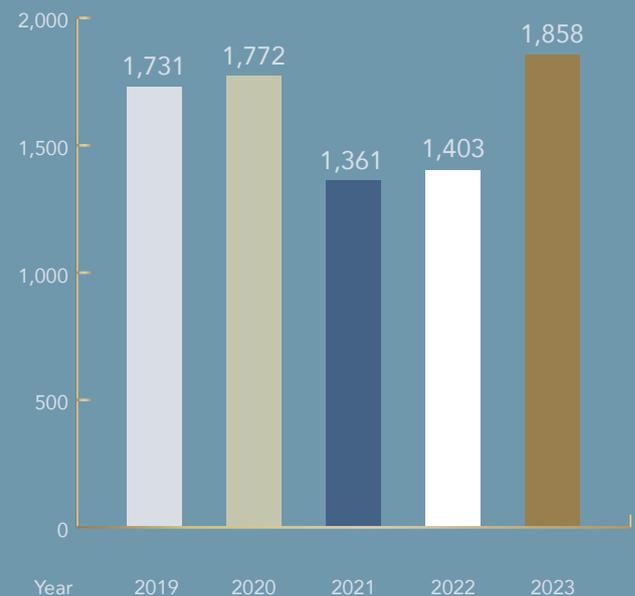
HK\$3,161 million



- Net rental income
- Hotels EBITDA
- Management fee income from Champion REIT
- Distribution from Champion REIT
- Income from property sales
- Operating income from other operations

CORE PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

HK\$ million





CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

CORE PROFIT – FINANCIAL FIGURES BASED ON CORE BUSINESS

	Year ended 31 December		
	2023 HK\$ million	2022 HK\$ million	Change
Revenue from core business			
Revenue from property sales	1,075.1	920.0	+16.9%
Hotels Division	4,932.9	3,929.1	+25.5%
Management fee income from Champion REIT	332.8	333.4	-0.2%
Distribution income from Champion REIT ^	698.6	796.8	-12.3%
Distribution income from LHI ^	-	66.2	n.m.
Gross rental income	168.2	151.1	+11.3%
Other operations	314.7	339.7	-7.4%
Total revenue	7,522.3	6,536.3	+15.1%
Income from property sales	798.1	457.3	+74.5%
Hotels EBITDA	1,098.2	615.9	+78.3%
Management fee income from Champion REIT	332.8	333.4	-0.2%
Distribution income from Champion REIT ^	698.6	796.8	-12.3%
Distribution income from LHI ^	-	66.2	n.m.
Net rental income	108.1	97.1	+11.3%
Operating income from other operations	125.4	196.7	-36.2%
Operating income from core business	3,161.2	2,563.4	+23.3%
Depreciation	(338.2)	(347.1)	-2.6%
Administrative, selling and other expenses	(580.2)	(500.3)	+16.0%
Other income	69.9	13.6	+414.0%
Interest income	195.4	67.2	+190.8%
Finance costs	(443.7)	(238.7)	+85.9%
Share of results of joint ventures	93.9	(0.7)	n.m.
Share of results of associates	14.2	17.1	-17.0%
Core profit before tax	2,172.5	1,574.5	+38.0%
Income taxes	(313.9)	(171.0)	+83.6%
Core profit after tax	1,858.6	1,403.5	+32.4%
Non-controlling interest	(0.5)	(0.9)	-44.4%
Core profit attributable to equity holders	1,858.1	1,402.6	+32.5%

^ Under the Group's statutory profit, the annual results of Champion REIT, LHI and the U.S. Fund are consolidated on the Group's income statement. By contrast, 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 operating segments:

31 December 2023

	Assets HK\$ million	Liabilities HK\$ million	Net Assets HK\$ million
Great Eagle operations	42,590	16,458	26,132
Champion REIT	44,630	12,182	32,448
LHI	11,121	4,667	6,454
U. S. Fund	460	172	288
	98,801	33,479	65,322

31 December 2022

	Assets HK\$ million	Liabilities HK\$ million	Net Assets HK\$ million
Great Eagle operations	43,282	17,356	25,926
Champion REIT	44,539	11,926	32,613
LHI	10,471	4,783	5,688
U.S. Fund	435	158	277
	98,727	34,223	64,504

FINANCIAL FIGURES BASED ON STATUTORY ACCOUNTING PRINCIPLES

	Year ended 31 December		
	2023 HK\$ million	2022 HK\$ million	Change
Revenue based on statutory accounting principles			
Revenue from property sales	1,075.1	920.0	+16.9%
Hotels Division	6,550.4	4,872.8	+34.4%
Gross rental income	168.2	151.1	+11.3%
Other operations (including management fee income from Champion REIT)	647.5	673.1	-3.8%
Gross rental income – Champion REIT	2,575.7	2,625.3	-1.9%
Gross rental income – LHI	595.2	375.9	+58.3%
Gross revenue – U.S. Fund	35.3	41.1	-14.1%
Elimination on intragroup transactions	(1,003.2)	(774.5)	+29.5%
Consolidated total revenue	10,644.2	8,884.8	+19.8%
Income from property sales	798.1	457.3	+74.5%
Hotels EBITDA	1,098.2	615.9	+78.3%
Net rental income	108.1	97.1	+11.3%
Operating income from other operations (including management fee income from Champion REIT)	458.2	530.1	-13.6%
Net rental income – Champion REIT	1,713.7	1,788.1	-4.2%
Net rental income – LHI	494.7	313.8	+57.6%
Net operating income – U.S. Fund	8.6	17.9	-52.0%
Elimination on intragroup transactions	(16.0)	(113.5)	-85.9%
Consolidated segment results	4,663.6	3,706.7	+25.8%
Depreciation	(885.0)	(885.6)	-0.1%
Fair value changes on investment properties	(782.2)	(1,923.1)	-59.3%
Fair value changes on derivative financial instruments	(208.6)	351.7	n.m.
Fair value changes on financial assets at fair value through profit or loss	34.0	(122.9)	n.m.
Administrative, selling and other expenses	(506.3)	(530.0)	-4.5%
Allowance for credit losses on notes receivables and interest receivables	(12.0)	(61.2)	-80.4%
Reversal of impairment loss on a hotel property	–	274.1	n.m.
Other income (including interest income)	295.5	105.6	+179.8%
Finance costs	(1,311.7)	(829.9)	+58.1%
Share of results of joint ventures	24.5	(43.2)	n.m.
Share of results of associates	14.2	17.1	-17.0%
Statutory profit before tax	1,326.0	59.3	n.m.
Income taxes	(498.0)	(470.1)	+5.9%
Statutory profit/(loss) after tax	828.0	(410.8)	n.m.
Non-controlling interest	3.7	(7.3)	n.m.
Non-controlling unitholders of Champion REIT	(68.2)	236.7	n.m.
Statutory profit/(loss) attributable to equity holders	763.5	(181.4)	n.m.

OVERVIEW

In the wake of successful containment of pandemic and the subsequent lifting of related restrictions, major economies worldwide demonstrated a commendable recovery at varied paces amid the complex landscape caused by high inflation, rate hikes and prevailing geo-political tensions. The hospitality sector has witnessed a remarkable rebound where our hotel portfolio continued to benefit from the resumption of travel and recorded steady improvement in their operating performance.

Locally, the sentiment of Hong Kong economy began positively in 2023 with the expectation of a swift recovery following the reopening of border with Mainland China. We saw the gradual return of travellers for both business and leisure (particularly from Mainland China) which provided genuine support to the recovery of the local hospitality and retail sector. Nevertheless, the headwind of high interest rates and softened economic outlook have impeded recovery pace and deterred demand. Price correction and contraction in home sales were recorded for both first and second-hand residential properties during the year. Such adversity was slightly mitigated by various migration schemes implemented by the government targeting top talents and quality migrants which helped to replenishing population, and the recent relaxation of austerity measures on the punitive stamp duties might have promoted a bit of demand for residential homes arisen from these new migrants. The Centa-City Leading Index has dropped 23% from its peak in mid-2021.

During the reporting period, the Group has formed joint ventures taking minority stakes with other local developers and secured two land plots at Kai Tak and Ma Tau Chung area principally for residential developments. In view of the solid recovery of the global hospitality sector, the Group commenced construction of the new Langham Hotel in Venice, Italy. The phased refurbishment of Chelsea Hotel, Toronto continued whilst the entitlement work for its potential redevelopment into a new mixed-use condo-hotel development was in progress. We also developed a new midscale hospitality brand, Ying'nFlo pursuant to an asset-light operating model and planned to expand it into Mainland China. Its

new outlet namely Ying'nFlo, Wesley located in Admiralty, Hong Kong has commenced operation since September 2023.

The Group's core profit attributable to equity holders for the year was HK\$1,858.1 million representing a 32.5% growth compared to HK\$1,402.6 million last year. Meanwhile, the Group's statutory results, which included fair value changes of investment properties and financial assets, reported a gain attributable to equity holders of HK\$763.5 million (2022: loss of HK\$181.4 million). The Management's discussion and analysis below focuses on the core profit of the Group.

The Group's operating income from core business rose 23.3% to HK\$3,161.2 million (2022: HK\$2,563.4 million). The growth is mainly contributed by the improved performance of our hotel portfolio following the resumption of restriction-free travel around the globe where an EBITDA of HK\$1,098.2 million was reported, and this represented a 78.3% growth from that of last year (2022: HK\$615.9 million). On the other hand, the sales of units of ONTOLO progressed steadily despite the headwinds faced by the market and HK\$798.1 million sales income was recorded for the reporting period (2022: HK\$457.3 million). Such surge in sales income has included a credit of HK\$300.3 million for cost saving following the conclusion of final accounts with the project main contractor.

Our hotels under LHI were benefited from the reopening of border where an uptick for both rate and occupancy have been recorded. Nevertheless, the increased operating expenses from the escalating labour and financing costs adversely impacted their profit margins. LHI did not declare any distribution for 2023 in order to preserve a strong balance sheet amid the uncertain economic outlook.

The performance of Champion REIT was impeded by the sluggish office leasing market even though solid growth has been recorded for Langham Place Mall. After factoring in the Group's 0.95% increase in investment in Champion REIT during the year, distribution income from Champion REIT dropped 12.3% year-on-year to HK\$698.6 million from HK\$796.8 million for the previous year, while management fee income from Champion REIT also fell 0.2% from HK\$333.4 million to HK\$332.8 million.

The net rental income from our investment portfolio, mainly Great Eagle Centre and serviced apartments, recorded a growth of 11.3% to HK\$108.1 million (2022: HK\$97.1 million). During the reporting period, Great Eagle Centre recorded a reduction in net rental which was largely attributed to the lower occupancy and average passing rent of its office portion. Nevertheless, this has been largely mitigated by the strong performance of serviced apartments following the return of travellers after border reopened.

In the absence of a non-recurring impairment reversal of Eaton Club's flexible workspace business, the Group's other business operations recorded a net income of HK\$125.4 million (2022: HK\$196.7 million) which comprised dividend income from investment in listed shares, property management income and results of other business operations.

Administrative, selling and other expenses increased by 16.0% to HK\$580.2 million (2022: HK\$500.3 million) mainly because of the inclusion of a write-off of non-core investment amounted to HK\$115.8 million (2022: HK\$30.4 million). On the other hand, a realized gain of HK\$44.9 million was recorded in other income on disposal of non-core investment.

The finance costs of the Group increased 85.9% to HK\$443.7 million (2022: HK\$238.7 million) and this is largely attributed to higher market interest rates. On the other hand, the interest income recorded a 190.8% growth to HK\$195.4 million and this partly mitigated the impacts of the escalating financing costs. The share of results of joint ventures rose to HK\$93.9 million (2022: loss of HK\$0.7 million) largely due to the cash recovered by our joint venture company from the purchaser of our previous Dalian project following the successful legal actions taken to pursue the overdue consideration.

The overall core profit attributable to equity holders increased 32.5% to HK\$1,858.1 million (2022: HK\$1,402.6 million).

The swift recovery of our Hotels Division has provided strong support to the overall performance of the Group in navigating through the uncertain market. With the prudent practice in place, the Group's financing position remains healthy.

BUSINESS REVIEW

Breakdown of Operating Income		Year ended 31 December		
		2023 HK\$ million	2022 HK\$ million	Change
1.	Income from property sales	798.1	457.3	+74.5%
2.	Hotels EBITDA	1,098.2	615.9	+78.3%
3.	Income from Champion REIT	1,031.4	1,130.2	-8.7%
4.	Distribution income from LHI	–	66.2	n.m.
5.	Net rental income from investment properties	108.1	97.1	+11.3%
6.	Operating income from other operations	125.4	196.7	-36.2%
Operating income from core business		3,161.2	2,563.4	+23.3%

1. PROPERTY SALES



ONTOLO, Pak Shek Kok

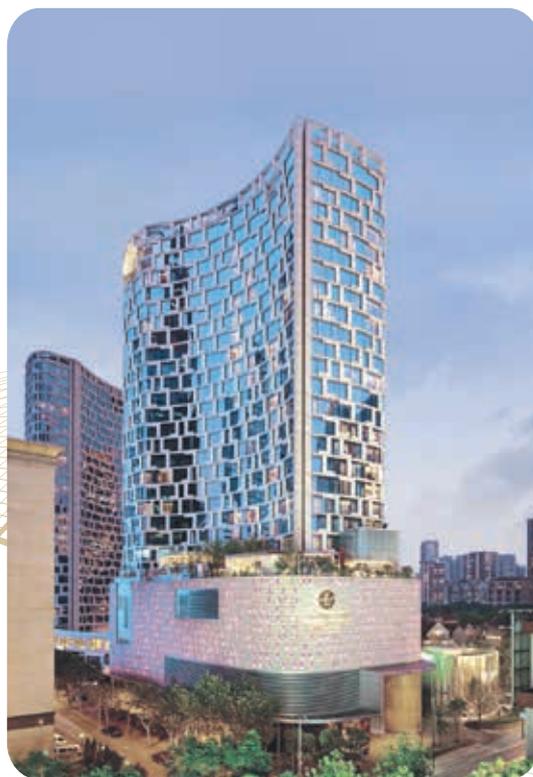
The site, which is located in Pak Shek Kok, Tai Po and commands spectacularly unobstructed sea views over Tolo Harbour was acquired in May 2014. The development, with a total permissible gross floor area of 730,870 sq. ft. or saleable area of 635,612 sq. ft., comprising 723 luxury residential units and 456 car parking spaces, was completed in Q4 2020.

As of 31 December 2023, the average sales price achieved for the residential units was HK\$21,564 per sq. ft. based on saleable area, while the average sales price for the sold car parking spaces was HK\$2.63 million per unit. Accumulated sales reached 664 residential units (representing a 91.8% of the total 723 residential units) and 221 car parking spaces ("**Properties Sold**"). The majority of the Properties Sold had been handed over to buyers in the prior years. In the reporting year, 39 residential units

(saleable area 50,742 sq. ft.) and 25 car parking spaces were delivered, resulting in the booking of relevant revenue of HK\$1,075.1 million (2022: HK\$920.0 million).

During the year, the final accounts with the project main contractor had been concluded and there was a saving on the cost amounted to HK\$388 million. This has been adjusted in the first half of 2023. There was a further cost saving of HK\$13 million following finalization of accounts with other consultants in 2H 2023, resulting in a total cost adjustment of HK\$401 million. Among such, HK\$300 million was attributable to units already handed over to buyers prior to end of December 2023 and has accordingly adjusted in the current year. Together with the cost revision, ONTOLO reported a gross profit of HK\$798.1 million (2022: HK\$457.3 million) for the year.

2. HOTELS DIVISION



Hotels Performance

	Average daily rooms available		Occupancy		Average room rate (local currency)		RevPAR (local currency)	
	2023	2022	2023	2022	2023	2022	2023	2022
Europe								
The Langham, London	380	380	73.5%	65.5%	536	533	394	349
North America								
The Langham, Boston	312	301	66.2%	47.3%	462	478	306	226
The Langham Huntington, Pasadena	379	379	65.0%	55.6%	347	362	225	201
The Langham, Chicago	316	315	67.1%	63.8%	490	507	329	324
The Langham, New York, Fifth Avenue	234	234	77.6%	70.9%	785	746	610	529
Eaton, Washington D.C.	209	209	69.3%	57.1%	272	267	188	153
Chelsea Hotel, Toronto	1,590	1,590	70.2%	67.2%	216	180	152	121
Australia/New Zealand								
The Langham, Melbourne	388	388	73.3%	57.9%	333	360	245	208
The Langham, Sydney	96	96	74.0%	61.6%	552	574	409	353
Cordis, Auckland	640	639	69.3%	37.9%	252	244	175	93
Mainland China								
The Langham, Shanghai, Xintiandi	356	356	86.4%	39.8%	1,415	1,086	1,223	432
Cordis, Shanghai, Hongqiao	391	393	74.3%	40.1%	892	731	663	293

	Year ended 31 December		
	2023 HK\$ million	2022 HK\$ million	Change
Hotels revenue			
Europe	732.3	650.9	+12.5%
North America	2,729.8	2,287.1	+19.4%
Australia/New Zealand	817.7	675.6	+21.0%
Mainland China	438.7	206.4	+112.5%
Others ^	214.4	109.1	+96.5%
Total hotels revenue	4,932.9	3,929.1	+25.5%
Hotels EBITDA			
Europe	233.6	210.8	+10.8%
North America	568.0	457.1	+24.3%
Australia/New Zealand	104.4	46.6	+124.0%
Mainland China	139.7	(2.1)	n.m.
Others ^	52.5	(96.5)	n.m.
Total hotels EBITDA	1,098.2	615.9	+78.3%

^ Including hotel management fee income, master lessee surplus or shortfall and income from Ying'nFlo, Wesley Admiralty

The performance of Hotels Division recorded a significant improvement, and the uptick is particularly prominent for the Greater China region following the lifting of COVID-related restrictions and reopening of border in early 2023. Moderate growth has been observed for hotels in other regions.

Total revenue for the Hotels Division recorded 25.5% year-on-year growth to HK\$4,932.9 million (2022: HK\$3,929.1 million).

Results of the Hotels Division also included hotel management fee income from managed hotels, as well as any surplus or shortfall incurred by the Group as the master lessee of LHI's hotels, which are included under the row "Others" in the above Hotels EBITDA table.

Overall, the Hotels Division reported 78.3% growth in EBITDA to HK\$1,098.2 million in 2023 (2022: HK\$615.9 million).

EUROPE

The Langham, London

Our London hotel had steady performance in light of resilient market conditions that continued to attract domestic travel and international visitors. Food and beverage ("F&B") revenue was supported by catering business particularly from corporate meetings and events.

NORTH AMERICA

The Langham, Boston, The Langham, Chicago, The Langham, New York, Fifth Avenue, The Langham Huntington, Pasadena and Eaton, Washington DC

The rooms performance of the US region has seen improvement compared to last year from a good mix of leisure, business travel and group segments. There was a lift in occupancy for all hotels whilst their average room rates remained stable.

New York is the best performer among all where it has benefited from robust leisure business plus high average rates recorded during several large conferences held in the city. However, Pasadena's rooms performance was affected by the reduction in film and entertainment business due to the Writers' Strike during the year.

Boston has shown improved rooms performance due to a good mix of retail and group business.

Chelsea Hotel, Toronto

The performance remained strong where the leisure segment has experienced the largest growth, whilst business and group demand both witnessed sign of steady pickups.

The completion of the recent rooms renovation in the South Tower has delivered a modern product which enhanced both the guest experience and our competitiveness in the market. The hotel is currently undergoing further renovation in phases for the remaining rooms, public spaces, banquet rooms and leisure facilities.

AUSTRALIA/NEW ZEALAND

The Langham, Melbourne and The Langham, Sydney

Even though the performance of our Australian hotels remained resilient but it has yet to resume to the pre-pandemic level. After a strong demand recorded for rooms during the summer seasons, business has been slowed down since Q2 2023 onwards. The number of international arrivals was still short of pre-pandemic time due to limited airline capacity. The contraction in leisure business and corporate demand from international travellers impacted the overall performance.

Cordis, Auckland

The performance of hotel was sustained by domestic demand and business travel with international arrivals gradually improving, though still far off from pre-pandemic numbers due to limited airline capacity and high air fares.

F&B revenue was supported by catering segment particularly from social events and conference business.

MAINLAND CHINA

The Langham, Shanghai, Xintiandi and Cordis, Shanghai, Hongqiao

Both of our Shanghai properties have witnessed strong increments from occupancy and average rates supported largely by leisure and corporate demand. The return of some large-scale exhibitions and events, including the China International Import Expo in Q4 2023, boosted the performance of the hotels.

On the other hand, F&B business has seen slower pickup, though there were positive signs of improvement in banquets from corporate meetings and events in the second half of the year.

HOTEL MANAGEMENT BUSINESS

As of end December 2023, there were 12 third-party hotels under management with approximately 3,500 rooms.

3. 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 2023 dropped 8.7% to HK\$1,031.4 million. Distribution attributable to the Group decreased 12.3% to HK\$698.6 million after taking into account

of the Group's increase in holding interest from 68.28% as at the end of December 2022 to 69.23% as at the end of December 2023, and that the REIT has declared a 13.9% decline in distribution per unit based on a 90.2% payout ratio (2022: 90.0%). The balance represented management fee income which also fell slightly by 0.2% to HK\$332.8 million in 2023 due to Champion REIT's lower net property income.

	Year ended 31 December		
	2023 HK\$ million	2022 HK\$ million	Change
Attributable distribution income	698.6	796.8	-12.3%
Management fee income	332.8	333.4	-0.2%
Total income from Champion REIT	1,031.4	1,130.2	-8.7%

The following text was extracted from the 2023 annual results announcement of Champion REIT relating to the performance of the REIT's properties.

Three Garden Road

Amid the backdrop of sluggish market sentiment, we stayed flexible in our leasing strategy to cater for the different requirements of tenants. We managed to maintain a stable occupancy for Three Garden Road despite the challenging and competitive market landscape. Occupancy as at 31 December 2023 was 82.8% (31 December 2022: 82.7%). The expansion of in-house tenants in the financial sector offset the departures by a slight margin.

However, in view of the availability in existing buildings together with the upcoming supply, the rental market in Central as well as Three Garden Road continued to be under pressure. Passing rent of the property decreased to HK\$91.7 per sq. ft. (based on lettable area) as at 31 December 2023 (31 December 2022: HK\$99.7 per sq. ft.). Rental income dropped to HK\$1,222 million (2022: HK\$1,346 million) as a result of negative rental reversion.

Langham Place Office Tower

While Langham Place Office Tower demonstrated resilience during the pandemic, leasing enquiries and inspection activities receded, partly because of a slow revival in mainland medical tourism for the beauty and healthcare segments following the full border re-opening. Yet occupancy remained stable at 93.3% as at 31 December 2023 (31 December 2022: 93.3%). Lifestyle tenants continued to be the major occupiers of the property, accounting for 74% of the area as at 31 December 2023.

Demand from the healthcare and beauty segments for establishing new operations in Langham Place Office Tower continued. Though market rental of the property softened, passing rent stayed largely stable at HK\$45.9 per sq. ft. (based on gross floor area) as at 31 December 2023 (31 December 2022: HK\$46.0 per sq. ft.). Rental income declined 3.7% to HK\$350 million (2022: HK\$363 million).

Net operating expenses rose to HK\$46 million (2022: HK\$37 million) mainly because of increase in rental commissions due to the renewal of an anchor tenant and other operating expenses. Net property income dropped by 6.7% to HK\$304 million (2022: HK\$326 million).

Langham Place Mall

Langham Place Mall achieved an above-market average performance with tenants' sales growing significantly by 50.5%, thanks to the strong recovery in the beauty segment following the full border reopening. The influx of tourists spurred a solid rebound in footfall by 27% in 2023 to around 90% of the 2019 levels.

Sales of the beauty segment soared more than two-fold, delivering a substantial growth in turnover rent portion by 91.9% to HK\$224 million (2022: HK\$117 million). It in turn boosted the rental income of the mall by 13.9% to HK\$740 million (2022: HK\$650 million). Passing rent also improved solidly to HK\$185.3 per sq. ft. (based on lettable area) as at 31 December 2023 (31 December 2022: HK\$157.1 per sq. ft.). Base rent portion amounted to HK\$457 million for 2023 (2022: HK\$481 million). Majority of the tenants resumed to pay base rent during the year as retail sales rallied. The proportion of tenants paying turnover rent only lowered to less than 1% as at 31 December 2023.

The mall kept on bringing in new tenants last year to enrich the tenant mix for shoppers. In 2023, over 30 new tenants have established their footprint in Langham Place Mall, including an award-winning Japanese soup curry outlet setting up their first store in Hong Kong in the mall. We also welcomed new entrants across different categories, from trendy apparel, lifestyle to a pet-related supermarket making their first forays into the mall. To enhance rental returns and product offerings, we undertook re-modelling work to make subdivided units available. Occupancy of the mall stood at 98.6% as at 31 December 2023 (31 December 2022: 100%) due to tenant turnover.

4. DISTRIBUTION INCOME FROM LHI



Under statutory accounting principles, 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 in distributions, the Group's core profit is 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.

Despite the strong rebound for the performance of both rooms and F&B business in 2023, the overall profitability of LHI was impacted by the escalating operating and financial costs.

LHI did not declare any distribution for the year.

	Year ended 31 December		
	2023 HK\$ million	2022 HK\$ million	Change
Attributable distribution income	–	66.2	n.m.

Performances of the Hong Kong hotels below were extracted from the 2023 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\$)	
	2023	2022	2023	2022	2023	2022	2023	2022
The Langham, Hong Kong	498	498	86.9%	59.8%	2,173	1,753	1,887	1,048
Cordis, Hong Kong	667	668	89.8%	66.4%	1,638	1,428	1,471	948
Eaton HK	465	465	87.0%	73.4%	1,110	911	966	669

The Langham, Hong Kong

The hotel benefited from its luxury shopping location since the borders reopened in early 2023 and has experienced robust demand. This is largely due to the strong influx of leisure travellers from Mainland China seeking to experience luxurious hotel accommodations in the heart of Tsim Sha Tsui Canton Road district.

The hotel saw an immediate uptick in room business following the full reopening of China's borders and the lifting of all quarantine controls and social distance measures in the first half of 2023, and this momentum continued in the second half of 2023. The occupancy increased from 59.8% in 2022 to 86.9% in 2023, while the average room rate increased by 24.0% to HK\$2,173 per night year-over-year in 2023. As a result, 2023 revenue per available room increased 80.1% to HK\$1,887 per night year-over-year.

The enhanced business performance at the T'ang Court and the catering sector in 2023 boosted the F&B revenue, which more than doubled compared to the previous year. We are delighted to share that T'ang Court has once again received the prestigious three Michelin stars in the Michelin Guide Hong Kong and Macau 2023, making it the eighth year in a row that it has received this honour.

In 2023, total revenue rose 87.7% from the previous year to HK\$576.5 million.

Cordis, Hong Kong

Room revenue of Cordis, Hong Kong was 1.5 times of that in 2022, which was supported by the growth in guest arrivals from Mainland China and other short haul markets. Room revenue from long haul market also improved. Hotel occupancy increased from 66.4% in 2022 to 89.8% in 2023, while the average room rate

increased by 14.7% to HK\$1,638 per night year-over-year. As a result, the RevPAR increased by 55.2% to HK\$1,471 per night year-over-year.

F&B revenue of the hotel in full year 2023 was 2.3 times of last year. The hotel's Ming Court Chinese restaurant and banquet business, which is fuelled by events, meetings and weddings, made up the majority of this increase. The banquet business in particular saw an over 5-fold rise in revenue year-on-year. This could be attributed to the pent-up demand due to the temporary closure of all outlets and event spaces in previous year.

Total revenue rose 76.8% year-on-year to HK\$654.8 million in 2023.

Eaton HK

The hotel managed to deliver a more moderate growth in occupancy from 73.4% in 2022 to 87.0% in 2023 with average room rate also increasing 21.8% to HK\$1,110 per night. As a result, the RevPAR improved by 44.4% year-on-year.

The hotel was contracted to provide accommodation to the staff from the Hospital Authority from mid-March to mid-June 2022, at a favourable guaranteed room rate, and this "buy-out" stabilised both occupancy and average room rate in 2022 and made year-on-year increase less dramatic.

Furthermore, as Eaton Food and Beverage was less restricted in 2022 than our other hotels, we witnessed a moderate growth in F&B revenue of 34.2% in 2023. Yat Tung Heen, The Astor, and banquet business all saw good improvement during the year.

The hotel's overall revenue increased by 32.2% compared to prior year.

5. RENTAL INCOME FROM INVESTMENT PROPERTIES



	Year ended 31 December		
	2023 HK\$ million	2022 HK\$ million	Change
Gross rental income			
Great Eagle Centre	75.1	77.5	-3.1%
Serviced Apartments	54.1	36.3	+49.0%
Others	39.0	37.3	+4.6%
	168.2	151.1	+11.3%
Net rental income			
Great Eagle Centre	60.7	63.9	-5.0%
Serviced Apartments	30.6	18.0	+70.0%
Others	16.8	15.2	+10.5%
	108.1	97.1	+11.3%

Great Eagle Centre

	As at the end of		
	December 2023	December 2022	Change
Office (on lettable area)			
Occupancy	61.3%	62.8%	-1.5ppt
Average passing rent	HK\$53.6	HK\$58.0	-7.6%
Retail (on lettable area)			
Occupancy	64.7%	73.8%	-9.1ppt
Average passing rent	HK\$96.4	HK\$74.4	+29.6%

The growing office vacancies as a result of softened take-up and ample new supply exerted extra pressures to the weakened rentals and this has weighted on the rental performance of the Hong Kong office sector as a whole.

Occupancy of office space in Great Eagle Centre dropped 1.5 percentage points to 61.3% (2022: 62.8%). The average passing rent for the leased office space at Great Eagle Centre was reported at HK\$53.6

per sq. ft. as of December 2023, which represented a 7.6% decrease from that of last year (2022: HK\$58.0 per sq. ft.).

Overall gross rental income for Great Eagle Centre dropped 3.1% year-on-year to HK\$75.1 million in 2023. Net rental income dropped 5.0% to HK\$60.7 million.

Serviced Apartments

	Year ended 31 December		
	2023	2022	Change
(on gross floor area)			
Occupancy	76.5%	59.8%	+16.7ppt
Average net passing rent	HK\$28.8	HK\$22.6	+27.4%

The Group's overall rental income from serviced apartments located at Blue Pool Road, Village Road and Wan Chai Gap Road recorded an improvement with 49.0% growth to HK\$54.1 million (2022: HK\$36.3 million). Blue Pool Road saw steady improvement in occupancy supported by extended lease and leisure segments whilst Village Road was adversely impacted by reduction in relocation segments. Wan Chai Gap Road has benefited from corporate and leisure business, leveraging higher average rates during the busy trade fairs and exhibition periods. The occupancy of the portfolio rose from 59.8% in 2022 to 76.5% in 2023.

The average net passing rent for the serviced apartments rose by 27.4% to HK\$28.8 per sq. ft. on gross floor area in 2023, as compared with HK\$22.6 per sq. ft. in 2022.

Gross rental income rose 49.0% year-on-year to HK\$54.1 million whereas net rental income increased by 70.0% year-on-year to HK\$30.6 million in 2023.

6. OPERATING INCOME FROM OTHER OPERATIONS



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



During the reporting period, in the absence of a non-recurring impairment reversal of Eaton Club's flexible workspace business booked last year, operating income from other business segments dropped 36.2% to HK\$125.4 million (2022: HK\$196.7 million).

DEVELOPMENT PROJECTS



Hong Kong and Mainland China

ONMANTIN, Ho Man Tin Residential Development Project

This project comprises of a gross floor area of approximately 742,000 sq. ft., or a saleable area of 660,000 sq. ft., involving the development of 990

apartments above Ho Man Tin MTR station under a Development Agreement with MTR Corporation Limited. Works are on schedule and presale is intended to launch in the first half of 2024.

NKIL 6590 at Kai Tak, Kowloon Joint Venture Development Project

This is a joint venture project of which we partnered with Sino Land Company Limited ("**Sino Land**"), China Overseas Land and Investment Limited and Chinese Estates Holdings Limited. Our Group holds a 20% share and Sino Land is the project manager. The total land premium is HK\$5,350 million.

The site has an area of 145,302 sq. ft. and is situated within the Kai Tak area with direct access to Sung Wong Toi MTR station via the future underground shopping street. It is planned for a development comprising the majority of residential units, retail podium, underground shopping street, basement carpark and government accommodation with a total gross floor area of approximately 992,270 sq. ft. (excluding government accommodation). Pre-construction works are in progress.

KIL 11290, Shing Tak Street/Ma Tau Chung Road, Kowloon City Joint Venture Development Project

This is a joint venture project of which we partnered with Sino Land and China Merchants Land Limited under a development contract with Urban Renewal Authority. Our Group holds a 15% share and Sino Land is the project manager. The total land premium is HK\$1,934 million.

The site is situated at Shing Tak Street/Ma Tau Chung Road in Kowloon City with an area of 46,102 sq. ft. and is planned to develop approximately 640 residential units with a total maximum gross floor area around 414,916 sq. ft. Pre-construction works are in progress.

Dalian Mixed-use Development Project

The Dalian project was sold to a third party in July 2019. Nevertheless, after paying a majority portion at the outset, buyer failed to meet the latter stage payment obligations due to its own financial issue. Appropriate legal actions including arbitration proceedings and preservation measures had been taken to pursue the outstanding balance. In Q1 2023, the Dalian court enforced the arbitration awards and released the cash of RMB188.7 million to our joint venture company. Since our joint venture company had made full credit loss provision of the outstanding proceeds in prior years, the reversal of corresponding provision would be reflected in its profit for the year, of which our Group shared 50%. The enforcement effort would be continued endeavouring to recoup the remaining balance.

Japan

Tokyo Hotel Redevelopment Project

The Group acquired a hotel redevelopment site situated in close proximity to the landmark Roppongi Hills Midtown, Tokyo and subsequently 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 380,000 sq. ft.

World renowned architect, Kengo Kuma & Associates has been commissioned to design this 270-key flagship hotel. Planning application was submitted to the local government, and a general contractor has been previously appointed to conduct project feasibility and further value engineering works. Nevertheless, construction cost remained high despite the continued efforts on value re-engineering. In view of such, the Group continued the process of exploring further development options including but not limited to schemes with mix of hotel and luxury condominiums and will hold on to the construction until an economically viable option is found.

United States

San Francisco Hotel Development Project, 1125 Market Street

San Francisco Hotel Redevelopment Project, 555 Howard Street

The above two projects are currently under review for their profitability due to uncertain market conditions and the severe escalation of construction costs in San Francisco. The projects have been put on hold and plans for alternative exit strategies are also being considered.

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. Entitlement application is in progress for expanding the development's gross floor area to 553,000 sq. ft. and incorporating residential component to the project in enhancing its financial attractiveness.

Canada

Chelsea Hotel Redevelopment

In view of the strong condominium demand in Toronto and the desirable market sales price, the Group has recognized the possible market potential and continued to work on the plan to redevelop the Chelsea Hotel site into a mixed-use project comprising condominium and hotel components, with a total planned gross floor area of approximately 1.7 million sq. ft. The Group also closely monitored the construction costs and the sales market of condominiums for Toronto.

Meanwhile, notwithstanding the abovementioned redevelopment plan for the longer term, the Chelsea Hotel operation continues.

Europe

Venice Hotel Development Project, Island of Murano

The Group acquired a site on the island of Murano in Venice. The project is a combination of restoration of historic structures and new build construction that will consist of 133 keys with a total construction floor area of approximately 170,000 sq. ft. World-renowned architect Matteo Thun is designing the hotel. Building Permit approval was granted in April 2022. Early Works were commenced on site in January 2023 and scheduled to be completed in the first half of 2024. Cost consultant has been updating the cost estimate whilst value engineering was continuously conducted. Tender award is scheduled to be made in 1H 2024.

It is believed that upon completion this hotel will help to promote the Group's prestigious Langham brand in continental Europe.

FINANCIAL REVIEW

DEBT

Based on statutory reporting principles and after consolidating the results of Champion REIT, LHI and the U.S. Fund, the consolidated net debts of the Group as of 31 December 2023 was HK\$28,411 million, an increase of HK\$1,141 million compared to that of HK\$27,270 million as of 31 December 2022. The increase in net borrowings was mainly due to additional loan drawn for development projects and dividend payment, partially offset by continuous improvement in hotel operations during the year.

Equity Attributable to Shareholders, based on a professional valuation of the Group's investment properties as of 31 December 2023 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK\$56,779 million, representing a decrease of HK\$41 million compared to the value of HK\$56,820 million as of 31 December 2022. The

decrease was mainly attributable to the valuation loss of investment properties and financial instruments.

Under statutory accounting principles, the entire debts of Champion REIT, LHI and the U.S. Fund were consolidated in aggregate. Based on the consolidated net debts attributable to the Group (i.e. only 69.23%, 70.23% 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 2023 was 39.5% (31 December 2022: 36.9%). Since the debts of these three subsidiary groups had no recourse to the Group, we considered it was 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 debts at 31 December 2023		
	On consolidated basis HK\$ million	On core balance sheet basis HK\$ million
Great Eagle	8,769	8,769
Champion REIT	13,605	–
LHI	5,936	–
U.S. Fund	101	–
Net debts	28,411	8,769
Net debts attributable to Shareholders of the Group	22,407	8,769
Equity attributable to Shareholders of the Group	56,779	65,322
Net gearing ratio [^]	39.5%	13.4%

[^] Net debts attributable to Shareholders of the Group/Equity attributable to Shareholders of the Group

Net gearing ratio only took into account cash or cash equivalents. In order to enhance return to shareholders, the Group has been prudently investing in quality short-term bonds that are intended to be held to maturity, principal protected notes with reputable banks and financial institutions as counter-parties and selected quality equities. As at 31 December 2023, the market value of these bonds and notes amounted to HK\$173 million and

invested securities amounted to HK\$1,140 million which included LCID.US shares worth HK\$444 million. Should these amounts be taken into account, the consolidated net borrowings and gearing ratio would be reduced to HK\$21,094 million and 37.2% respectively. The net debt based on sharing of net assets of Champion REIT, LHI and the U.S. Fund would correspondingly decrease to HK\$7,456 million and 11.4%.

As mentioned in the above second paragraph of this "Debt" section, applicable statutory accounting standards require the Group's consolidated accounts to book its operating hotels at depreciated cost basis instead of by reference to their market value. Since most of the Group's owned hotels were acquired years

ago, their market value well exceed their depreciated cost. Consequently, should the estimated market value instead of depreciated cost be recognized in the consolidated financial statements for these hotels, the net gearing ratio on consolidated basis would be reduced from 39.5% to 29.3%.

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

INDEBTEDNESS

Our gross debts (including medium term notes and other borrowings) after consolidating Champion REIT, LHI and the U.S. Fund as of 31 December 2023 amounted to HK\$34,378 million (31 December 2022: HK\$33,331 million). Bank borrowings amounting to HK\$14,448 million (31 December 2022: HK\$14,068 million) were secured by way of legal charges over a number of the Group's assets and business undertakings.

Outstanding gross debts ⁽¹⁾⁽²⁾	Floating rate debts HK\$ million	Fixed rate debts HK\$ million	Utilised facilities HK\$ million
Bank borrowings	22,400	7,715 ⁽⁴⁾	30,115 ⁽³⁾
Medium term notes	–	4,044	4,044 ⁽³⁾
Other borrowings	–	219	219 ⁽³⁾
Total	22,400	11,978	34,378
%	65.2%	34.8%	100%

(1) All amounts are stated at face value.

(2) All debt facilities were denominated in Hong Kong Dollars except for (3) below.

(3) Equivalence of HK\$5,112 million bank borrowings, HK\$2,345 million medium term notes and HK\$219 million other borrowings were originally denominated in other currencies.

(4) Included floating rate debts which had been swapped to fixed rate debts. As at 31 December 2023, the Group had outstanding interest rate swap contracts of a notional amount of HK\$7,100 million to manage interest rate exposure. The Group also entered into cross currency swaps of a notional amount of HK\$600 million to mitigate exposure to fluctuations in exchange rate and interest rates in Japanese YEN.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 31 December 2023, our cash, bank deposits and undrawn loan facilities amounted to a total of HK\$16,026 million (31 December 2022: HK\$16,341 million). The following is a profile of the maturity of our outstanding gross debts (including medium term notes and other borrowings) as of 31 December 2023:

Within 1 year	52.6%
More than 1 year but not exceeding 2 years	6.1%
More than 2 years but not exceeding 5 years	34.5%
More than 5 years	6.8%

FINANCE COST

The net consolidated finance cost during the year was HK\$1,260 million of which HK\$204 million was capitalised to property development projects. Overall net interest cover at the reporting date was 3.3 times.

PLEDGE OF ASSETS

At 31 December 2023, properties of the Group with a total book carrying value of approximately HK\$20,411 million (31 December 2022: HK\$20,893 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2023, the Group had authorised capital expenditure for investment properties and property, plant and equipment which was not provided for in these consolidated financial statements amounting to HK\$7,813 million (31 December 2022: HK\$7,980 million) of which HK\$622 million (31 December 2022: HK\$906 million) has been contracted for.

In December 2023, our joint venture company in which the Group has 15% equity interest was awarded a tender of a URA project at a total land premium of HK\$1,934 million. The Group has to contribute its share of 15% of the upfront payment amounted to HK\$290.1 million, of which the initial deposit HK\$7.5 million was paid as at the end of December 2023 while the remaining balance of HK\$282.6 million was settled in January 2024.

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

OUTLOOK

Going forward, challenges including high interest rates, geo-political tensions and Sino-US trade conflicts would still cloud the global economy despite the emergence of positive signals. The market consensus on interest rates topping out and the potential rate cuts in 2024 may hopefully improve the overall global business and investment sentiment. On the other hand, the latest monetary easing policies and stimulus plans introduced by the Central Government of China may help to boost local consumption and investment and promote economic growth. These elements are coupled with the latest policies of Hong Kong on talent attraction and migrant schemes which together would galvanize economic activities and create new opportunities for Hong Kong as a whole. Also, the removal of austerity measures on the punitive stamp duties announced at the Budget of 2024-25 is expected to allow more liquidity in the residential home market. In view of such, the Group remains cautiously optimistic of the medium-term prospect of the Hong Kong property market. We will adopt a prudent and appropriate approach commensurate with market when planning for the presale of ONMANTIN project at Ho Man Tin, as well as the sales strategy for the remaining stocks of ONTOLO. In addition, we will work diligently with our joint venture partners for the two development projects at Kai Tak and Ma Tau Chung area.

We remain confident about the outlook of the Hotels Division as revenue of our portfolio is expected to increase alongside with the normalised travel trend and improvement of global airline capacity. Nevertheless, the upside may be moderated as profit margin gets eroded by escalating labour and energy cost. Meanwhile, the Group will continue to expand the new midscale brand Ying'nFlo into Mainland China.

The contracting demand and ample supply of new office stock would further heighten the office vacancy of Hong Kong. Therefore, the new and renewal rentals of office space under Champion REIT is expected to be lower than the passing rentals and hence weigh on the overall performance of Champion REIT, despite the resilient performance of Langham Place Mall. The lower rentals and high borrowing costs will continue to pose a downside risk to the overall distribution of Champion REIT. Nevertheless, with the latest economic stimulus plans in place, we anticipate the recovery of the Chinese economy will gain further momentum and Hong Kong office and retail market should benefit from the opportunities arisen thereof.

Despite the evident recovery, uncertainties still mount for the outlook of LHI as the hotel sector of Hong Kong is still impacted by the reduced number of overnight arrivals compared to the pre-pandemic period. In addition, the rising operating and financing costs would still adversely affect its overall profitability and hence the distribution.

In sum, economic headwinds still prevail which would hinder the pace of post-pandemic recovery of Hong Kong. The Group will exercise the usual prudence in its operation whilst remaining alert to risks. We will stay abreast with market trends and keep on exploring new quality investment opportunities for future growth. At the same time, we will closely monitor market movements for our businesses at home and abroad. With the healthy liquidity, we should be able to navigate the volatile market and target to achieve a steady growth in the long run.

Lo Ka Shui

Chairman and Managing Director

Hong Kong, 6 March 2024



SUSTAINABILITY

SUSTAINABILITY

In 2023, the Great Eagle Group celebrated its 60th anniversary. In this milestone year, we made significant progress with our sustainability aims, presenting these achievements in the Group's first standalone Sustainability Report ("the Report").

This section captures the key points of the Report, highlighting our sustainability performance in five areas: Corporate Governance, Prioritising the Environment, Empowering our People, Contributing to our Communities, and Optimising Operations.

INTRODUCTION

The Group defines sustainable growth as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Our sustainability commitment is aligned with the principles and objectives of the United Nations Sustainable Development Goals ("SDGs"), which aim to achieve a better and more sustainable future for all by 2030. By embracing our chosen SDGs into our practices, we strive to drive business awareness and action in support of these global goals.

In our decision-making processes, the Group prioritises integrating sustainability into the core of our business. We aim to create beneficial impacts over the short and long term, ensuring that our business practices promote the well-being of individuals, the resilience of our environment, and the economic prosperity of the Group and our communities.



Scan or click to learn more about our sustainability efforts

Our sustainability vision is encapsulated in our future-focused corporate Climate Leadership Strategy, which seeks to:

- Transform the Group into a well-recognised and respected climate leader in Hong Kong and Asia that influences positive change at the industry and societal levels.
- Develop an adaptive, collaborative team that thrives amid the acceleration of climate change impacts.
- Achieve net-zero impact by 2045.

The Report covers the sustainability performance of the Group's major businesses and principal subsidiaries in the development, investment and management of hotels and properties in Asia, North America, Australasia, and Europe. It focuses particularly on our corporate office, owned hotels, and major owned properties.

CORPORATE GOVERNANCE

Our Sustainability Steering Committee, overseen by the Board and Sustainability Advisory Council, manages our sustainability vision, strategies, policies, and performance. Our collaborative taskforces, focus groups and working groups, comprised of representatives from different business units, execute these directives.

During the year, the Group's sustainability leadership focused on addressing an enormous global challenge: the climate crisis. Following guidance from the Task Force on Climate-related Financial Disclosures, we significantly expanded our climate-related risk assessment procedures, conducting a physical climate risk analysis for ten of our major assets – six in Hong Kong and four overseas – to examine their climate-related physical risks and opportunities, and potential impacts and mitigation measures to be taken.

While we strengthened our decarbonisation efforts and actively engaged our employees, tenants, suppliers, customers, and other stakeholders to reduce emissions and waste through a range of sustainability initiatives and awareness programmes; we also made progress in other areas of our Climate Leadership Strategy. This included developing timeline for significant regulatory updates to climate-related disclosures, and conducting an in-depth study to advance our journey towards our net-zero impact.

SUSTAINABILITY GOVERNANCE STRUCTURE

The Board of Directors

Oversees sustainability, ESG* risks and management systems

Sustainability Advisory Council

Chairman of the Group, Two Executive Directors (one as convener) and the Head of Sustainability

Sustainability Steering Committee

Executive Director (chairperson), the Head of Sustainability (vice chairperson) and various department heads

Taskforces and Focus Groups

Climate and Carbon Innovation
Employee Engagement
Energy Efficiency
Retrofit Strategy and Asset Optimisation
Sustainable Finance Framework

* ESG stands for Environmental, Social and Governance.

PRIORITISING THE ENVIRONMENT

The Group continued our efforts to ensure the sustainability of our properties, achieving several green building certifications and recognitions in our commercial properties and hotels during the year. We embarked on sustainability initiatives throughout our portfolio, focusing primarily on energy efficiency, water management and waste reduction.

Coordinated by the Energy Efficiency Taskforce, energy management initiatives were conducted through retrofitting, retro-commissioning and optimisation through technology. Much of the



Solar panels installed at Three Garden Road

retrofitting and retro-commissioning work focused on replacing heating, ventilation and air conditioning (HVAC) systems and components to improve performance and create energy savings; while new technologies such as artificial intelligence-based analytics and Internet of Things sensors are helping to optimise building system efficiency and make management and maintenance more effective.



Enhancing biodiversity: beehives at The Chelsea Hotel, Toronto

Our waste reduction initiatives involved consolidating our waste and recyclable records; introducing waste reduction programmes such as the Green Competition Challenge, which encourages commercial tenants to cut waste and collect recyclables in their offices; various food waste reduction programmes in our hotels; and upgrading hardware across our properties – installing food waste handling technology at several hotels, for example.

Langham Place Mall was named “Green Mall of the Year” in 2023 for its exceptional energy-saving efforts, as well as for its water saving, green procurement, waste reduction, reuse and recycling, and tenant engagement and collaboration programmes, and its promotion of sustainability awareness and socially responsible behaviour.

EMPOWERING OUR PEOPLE

The Group’s employees are the backbone of our sustainability initiatives, and their health, safety, wellness, and happiness are essential to our success. In addition to providing competitive remuneration packages that include leave, insurance, medical, and many other benefits, we also hold engagement activities throughout the year to improve the

employee experience and provide opportunities for growth and development. In 2023, with pandemic-related restrictions largely lifted, these included a variety of in-person activities and wellness-related workshops to connect employees within and across Group departments, build relationships and generally create a better working environment for all.



Wellness Week at The Langham, Boston

The activities ranged from relaxing team-building “Movie Days” and “Ice Cream Days”, to a spectacular 60th Anniversary Party in Hong Kong, to our Hotel Division’s “CONNECT to Happiness Day” that spread goodwill and good cheer throughout our hotels.

Meanwhile, our annual Colleague Wellness Month enhanced our hotel colleagues’ awareness of their well-being and supporting them in developing healthy lifestyles in all sorts of ways – active outings with hotel social clubs, exercise classes, mental health workshops, and more. One example was the “60th Anniversary Charity Walking Challenge x Heep Hong Society”, which encouraged colleagues to walk at least 60,000 steps within a week. Hundreds of colleagues took part, walking over six million steps and raising HK\$150,000 for Heep Hong Society.



Our colleagues nurturing nature together with family

We also engaged our staff, customers, and partners in sustainability and circularity projects and initiatives throughout the year, like our Oyster Shell Upcycling Pilot Programme, which collected over five tonnes of used oyster shells from our hotel restaurants to study whether they can replace limestone as a raw construction material. Other circularity initiatives at our hotels collected used soap for redistribution and recycled old hotel linens.

CONTRIBUTING TO OUR COMMUNITIES

The Great Eagle Group is committed to creating and building communities, not just properties. We work with partners in all our cities, designing and running community care programmes that benefit people, society, and the environment. These efforts involve three key focus areas: art, youth education, and environmental protection. The Group engages and partners with non-profit organisations on keystone projects in each of these areas.



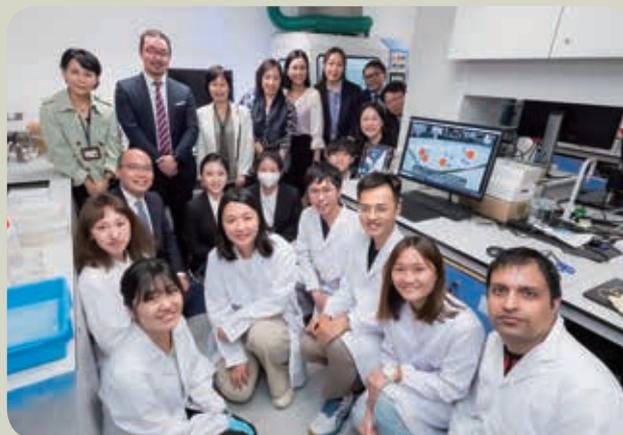
The Great Eagle Music Children Ensemble at our 60th Anniversary Party

One such project was the Great Eagle Music Children Ensemble, established in 2018 in partnership with Music Children Foundation, provides free-of-charge music education and out-of-classroom exposures to underprivileged children, while supporting various education and employment focused initiatives with youth development NGOs in Hong Kong and around the world. We also organised various local-based environmental initiatives in our cities, including rooftop farming, bee rescue, and recycling volunteer efforts. The Artist Residency Programme at Eaton HK continued in 2023, providing resources like accommodation, workspace, and equipment to 15

artists, writers, and researchers from Hong Kong and abroad who created unique works, sharing their knowledge and promoting the exchange of cross-cultural ideas.

The Group also organised and participated in volunteer community-focused events – fundraising walks and runs, elderly home visits, serving meals and collecting clothes for the needy and homeless in our communities, job training workshops for underprivileged youth, and many more.

We launched two major education sponsorships during the year worth a total of HK\$2 million to support sustainability and celebrate our 60th anniversary. The Great Eagle Group Scholarship is a partnership with The Hong Kong University of Science and Technology and City University of Hong Kong that establishes a HK\$1 million undergraduate scholarship programme at each university. These will be given out over a five-year period to 80 students in total in the fields of sustainable development, environment, and energy.



Unveiling sustainable innovation in the laboratory

The Group also sponsored the Asia Carbon Institute, providing HK\$2 million to support the development of a voluntary carbon market in Asia. This will provide businesses with more options to achieve their net-zero goals over the long term through a transparent, credible way to certify carbon credits, and help to further strengthen the evolving voluntary carbon market.

OPTIMISING OPERATIONS

During the year, we worked to mitigate negative impacts and increase positive impacts in a number of ways. We continued to promote sustainable practices along our supply chain through our Supplier Code of

Conduct that systematically manage environmental and social risks such as business integrity, fair labour practices, the prevention of child and forced labour, and environmental concerns. Our Sustainable Procurement Policy promotes the purchase of environmentally-preferable products and services; and we encourage our hotels to support local produce and farming initiatives, and purchase meat and seafood from sources with local and international sustainability certificates, when feasible and possible.



Fostering tenant bonding through music at Three Garden Road

We remained committed to providing superior quality services to our customers by satisfying their expectations and needs, whether they are guests at our hotels or tenants and shoppers at our properties. Our Property Management Department has an ISO 9001 Quality Management System to ensure that our services meet customer needs and enhance customer



Pets are welcome at Langham Place Mall

satisfaction; and we are consistently evolving our services to meet society's increasing needs. For example, our hotels prioritise the comfort and safety of people with disabilities through new accessibility features. Additionally, Langham Place Mall has become one of Hong Kong's most inclusive malls for pets and their owners, which has been well-received by pet owners.

Technology is becoming an increasingly significant part of the Group's sustainability initiatives. Through retrofitting and future-oriented design, we are working to ensure that our existing and new buildings are future-ready and deliver on the objectives of our Climate Leadership Strategy. In just one example, a new pilot project this year utilised a novel "cooling paint" on a portion of a roof exposed to relentless sun, producing promising results for future applications.

Our world has changed so much in the past 60 years, as has the Great Eagle Group. We have made remarkable progress and flown high over these decades, and we now have our sights set on the future's far horizons. By aiming for net-zero impact, optimising our operations and embracing new technology, we are working to pave the way for a greener tomorrow. At the same time, we recognise that society will continue to change and evolve in the coming decades, and although we do not know what this change will look like, by empowering our people and contributing to our communities, the Group can become a leader – for our industry, for our communities and for our society.



Our 60-year journey of dedication and persistence



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT

At Great Eagle, we believe that strong governance principles form the foundation of our corporate image, reduce the risk of fraudulent practices and boost Shareholders' confidence – serving the long-term interests of every stakeholder. The Board monitors our corporate governance practices, reviewing our regulatory compliance while supporting the values of integrity and accountability that are deeply engrained in our corporate culture.

CORPORATE CULTURE FRAMEWORK



Our Vision

“
**Where Eagles Fly,
Sustainable Growth is GREAT.**
”

Our vision is to continuously deliver sustainable growth that benefits all of our stakeholders. As a well-established multinational with a rich corporate history, Great Eagle consistently strives to achieve this vision – rising to challenges and leveraging technological advances to achieve our strategic goals.

Looking beyond ourselves, we believe Great Eagle's future is intertwined with the evolution of society and the world as a whole. Our vision aims to enrich the communities where we live and work, contributing towards a bright shared future.

Our Mission

We are actualising our vision through a Globalization, Reliability, Excellence, Adaptability and Teamwork comprehensive approach.

Globalization

We are constantly expanding our business in terms of geographical location, service scope and target audience – creating value for individual stakeholders and broader communities through active globalisation.

Reliability

Our reputation for financial strength has been earned through a consistent, prudent and disciplined approach. Over the years, the Great Eagle name has become synonymous with trustworthiness and dependability.

Excellence

Pursuing long-term excellence, we emphasise continuous improvement in every aspect of our business.

Adaptability

In a dynamic, fast-paced environment where customer needs are constantly evolving, the Group readily embraces change – keenly innovating to fine-tune our business strategy and competitive advantages.

Teamwork

People form the foundations of Great Eagle. At every level of the business, we communicate with our team members honestly and from the heart. We stand together, supporting each other to achieve our goals.

Our Values

This GREAT approach is underpinned by our deeply embedded core values – Integrity and Social Good.

Integrity

Great Eagle puts honesty and integrity first in all business operations and communications.

Social good

We strive to create direct, positive impact that leads to a stronger society and a better world.

CORPORATE GOVERNANCE POLICIES AND PRACTICES

The Board supervises and supports corporate governance by reviewing overall corporate governance arrangements, approving governance policies and reviewing disclosures in this Corporate Governance Report. Great Eagle's governance framework emphasises risk management and internal control systems, accountability to Shareholders, transparency in reporting, and compliance with relevant rules and regulations. It also provides Directors with guidance in performing and fulfilling their roles and obligations. While the strategic objectives, risk governance framework, corporate values and corporate governance principles of the subsidiary should align with that of the Company, the subsidiary board should make necessary adjustments where a group policy conflicts with local legal and regulatory requirements, or would be detrimental to the sound and prudent management of the subsidiary.

Major activities during the year 2023 and up to the date of this report include:

MAJOR ACTIVITIES	
Board Structure	<p>Changes in Board Composition</p> <p>Ms. Diana Ferreira Cesar was appointed as an Independent Non-executive Director of the Company on 4 April 2023. During the period from 1 January 2023 to 3 April 2023, the number of Independent Non-executive Directors of the Company fell short of the minimum number specified under Rule 3.10A of the Listing Rules, which requires independent non-executive directors to represent at least one-third of the Board. The Company applied for waiver in strict compliance with this Listing Rule while filling the vacancy, which was granted by the Stock Exchange. Following the appointment of Ms. Cesar, the Board has comprised of fifteen Directors, five of whom are Independent Non-executive Directors. Accordingly, the Company returned to compliance with Rule 3.10A of the Listing Rules. A formal announcement was published, along with an updated list of the Company's Directors and their respective roles and functions.</p>
Corporate Governance Policies	<p>Establishment of Director Independence Policy</p> <p>Upholding our high standard of corporate governance, and in accordance with the CG Code, Great Eagle established a Director Independence Policy which sets out mechanisms to ensure independent views are available to the Board. The Board reviews these mechanisms on an annual basis.</p> <p>Update on the Anti-Fraud, Bribery and Corruption Policy</p> <p>The Board regularly updates and assesses the corporate governance system of the Group with the ultimate aim of achieving an exemplary level of corporate governance. During this period, the Group has undertaken comprehensive updates to its Anti-Fraud, Bribery and Corruption Policy.</p>
Share Incentive Schemes	<p>Grant of Share Options</p> <p>The Company's normal practice is to grant share options to eligible employees (including Executive Directors) each year after the publication of its annual results announcement. During the year ended 31 December 2023, an aggregate of 5,620,000 share options were granted to eligible employees (including Executive Directors and their associates). A formal announcement was made on 20 March 2023.</p> <p>Adoption of Share Award Scheme</p> <p>Great Eagle is contemplating to adopt a Share Award Scheme to help retain and reward participants for their contributions, and to attract suitable personnel to enhance the Group's development. A Special General Meeting will be held for Shareholders to approve the Share Award Scheme.</p>
General Mandates	<p>General Mandates to Buy-back and Issue Shares of the Company</p> <p>General mandates to buy-back no more than 10% of the issued shares and issue no more than 20% of the issued shares of the Company were granted by Shareholders at the Annual General Meeting held on 18 May 2023 with 98.79% and 81.54% shares voted in favour of the respective resolutions. The Company did not buy back or issue any shares in 2023. After careful consideration and evaluation, it is considered that seeking flexibility in granting a general mandate to issue 20% of shares (the maximum allowed under the Listing Rules) rather than a lower percentage is appropriate, as it allows the Company to capitalise on favourable market conditions and make timely decisions, and could positively influence the perception of Great Eagle's equity financing capability, which would ultimately maximise value for our Shareholders. The Company will use the mandates sparingly and in the interest of the Shareholders.</p>

Corporate Governance Practice



Great Eagle's governance policies and procedures form the core of the Group's governance framework. They include:

- **Anti-Fraud, Bribery and Corruption Policy**
The Group's employees must abide by the standards of conduct in this policy, which also provides guidance on accepting and offering business courtesies.
- **Board Diversity Policy**
This Policy sets out the approach to achieve diversity on the Board with an aim to have a Board that comprises a diversity of perspectives that are relevant to the business and organisation needs of the Group.
- **Code of Conduct regarding Securities Transactions by Directors and Relevant Employees**
Directors and relevant employees must abide by our Code of Conduct regarding transactions in the Company's securities or any listed entities in which the Company has 20% or above interest in share capital. The Code also applies to anyone possessing unpublished inside information about these entities.
- **Director Independence Policy**
This policy aims to ensure independent views are available to the Board, which strengthens its integrity and effectiveness.
- **Employee Code of Conduct**
Great Eagle's Employee Code of Conduct sets out the basic standards of behaviour expected of all our employees (including Executive Directors), as well as our policies on accepting advantages, declaring conflicts of interest and other matters.
- **Policy on the Preservation and Prevention of Misuse of Inside Information**
Our internal control systems and monitoring procedures are set out in this policy, which aims to protect inside information and prevent its misuse, and to ensure all persons to whom the policy applies understand their obligations to preserve the confidentiality of unpublished inside information.
- **Reporting and Monitoring Policy on Connected Transactions**
This policy sets out Great Eagle's internal control systems and monitoring procedures in respect of executing, recording and reporting of all connected transactions and continuing connected transactions.
- **Schedule of Matters Reserved for the Board**
A list of major issues that must be decided upon by the full Board, except when an appropriate board committee has been set up to address the matter pursuant to a resolution passed by the full Board.
- **Shareholder Communication Policy**
It reflects the current practice of the Company in communications with Shareholders with an aim to promote effective engagement with Shareholders, both individual and institutional investors, and other stakeholders.
- **Social Media Policy**
It sets out the basic standards of behaviour expected of the Group's employees and the procedures they must follow regarding the use of social media, both personally as well as in their capacity as representatives of the Group.
- **Whistleblowing Policy**
This policy sets out guidelines regarding reporting channels and protection for whistleblowers, and details how reports of improprieties will be handled.

The Board regularly reviews these policies and procedures, and makes enhancements in light of the latest statutory and regulatory regime, as well as international best practices. Copies of the principal governance policies are available on the Group's website (www.GreatEagle.com.hk).

Compliance with CG Code

During the year, the Company complied with most of the code provisions and, where appropriate, adopted some of the recommended best practices set out in the CG Code. Details of deviations from the code provisions are as follows:

CG CODE PROVISION	COMPLY OR EXPLAIN
B.2.2	<p>Every Director should be subject to retirement by rotation at least once every three years</p> <p>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 of 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. His interests in shares and underlying shares in the Company and associated corporations are set out in the Report of the Directors contained herein. There is no service contract between the Company and Dr. Lo, 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, we have disclosed his biographical details in accordance with Rule 13.74 of the Listing Rules in the circular to the Shareholders in relation to, among other things, the re-election of retiring Directors, for Shareholders' information. A biography of Dr. Lo and details of his emoluments are also provided on page 75 of this Annual Report and in note 11 to the consolidated financial statements respectively.</p>
C.1.4	<p>All Directors should participate in continuous professional development to develop and refresh their knowledge and skills</p> <p>Madam Lo To Lee Kwan, a Non-executive Director of the Company, is the co-founder of the Group. She was involved in the early stages of development of the Group. Since she has become a centenarian, she is relatively inactive in the Group's business in recent years and has not participated in the 2023 Director Development Programme provided by the Company. However, as a co-founder of the Group, Madam Lo has an irreplaceable status in the Company, and in view of her valuable experience and contribution can offer a valuable long-term view of the business and industry. The Board considers that it is fit and proper for Madam Lo to remain on the Board. Except for Madam Lo, all of the Directors have participated in continuous professional development during the year 2023.</p>
C.2.1	<p>The roles of Chairman and chief executive should be separate and should not be performed by the same individual</p> <p>Dr. Lo Ka Shui is the Chairman of the Board and holds the office of Managing Director of the Company. While this is a deviation from CG Code Provision C.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 preserves the consistent leadership culture of the Company and allows 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 who offer advice and views from different perspectives. 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.</p>

BOARD OF DIRECTORS

Board Composition

The composition of the Board and its changes since 1 January 2023 are set out as follows:

Executive Directors

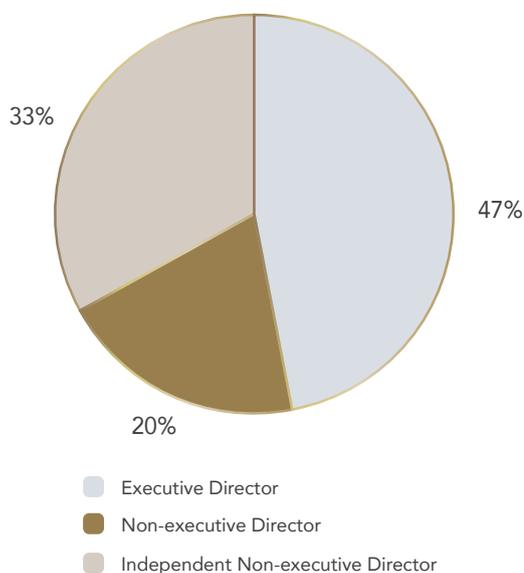
Dr. LO Ka Shui (*Chairman and Managing Director*)
Mr. LO Hong Sui, Antony
Madam LAW Wai Duen
Mr. LO Chun Him, Alexander
Mr. KAN Tak Kwong (*General Manager*)
Mr. CHU Shik Pui
Professor POON Ka Yeung, Larry

Non-executive Directors

Madam LO TO Lee Kwan
Mr. LO Hong Sui, Vincent
Dr. LO Ying Sui

Independent Non-executive Directors

Professor WONG Yue Chim, Richard
Mrs. LEE Pui Ling, Angelina
Mr. ZHU Qi
Mr. HO Shut Kan
Ms. Diana Ferreira CESAR (*appointed on 4 April 2023*)



Ms. Diana Ferreira Cesar was appointed as an Independent Non-executive Director of the Company on 4 April 2023. During the period from 1 January 2023 to 3 April 2023, the number of Independent Non-executive Directors of the Company fell short of the minimum number required under Rule 3.10A of the Listing Rules, which requires the number of independent non-executive directors to represent at least one-third of the Board. Following the appointment of Ms. Cesar, the Company has been in compliance with the requirement under Rule 3.10A of the Listing Rules.

Madam Lo To Lee Kwan is the mother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui; and the grandmother of Mr. Lo Chun Him, Alexander. Aside from the disclosed relationships above, there are no family or other material relationships amongst members of the Board.

Non-executive Directors are not appointed for a specific term, but are subject to retirement by rotation in accordance with the Bye-laws. The Bye-laws require that at each annual general meeting, one-third of the Directors (other than the Executive Chairman and Managing Director) should retire by rotation. The re-election of each retiring Director is voted by poll on an individual basis.

In appropriate corporate communications, the Company discloses the composition of the Board according to the categories and responsibilities of the Directors. Biographical details of the Directors and the senior management are set out from pages 75 to 82 of this Annual Report, and maintained on the Group's website (www.GreatEagle.com.hk).

BOARD RESPONSIBILITIES

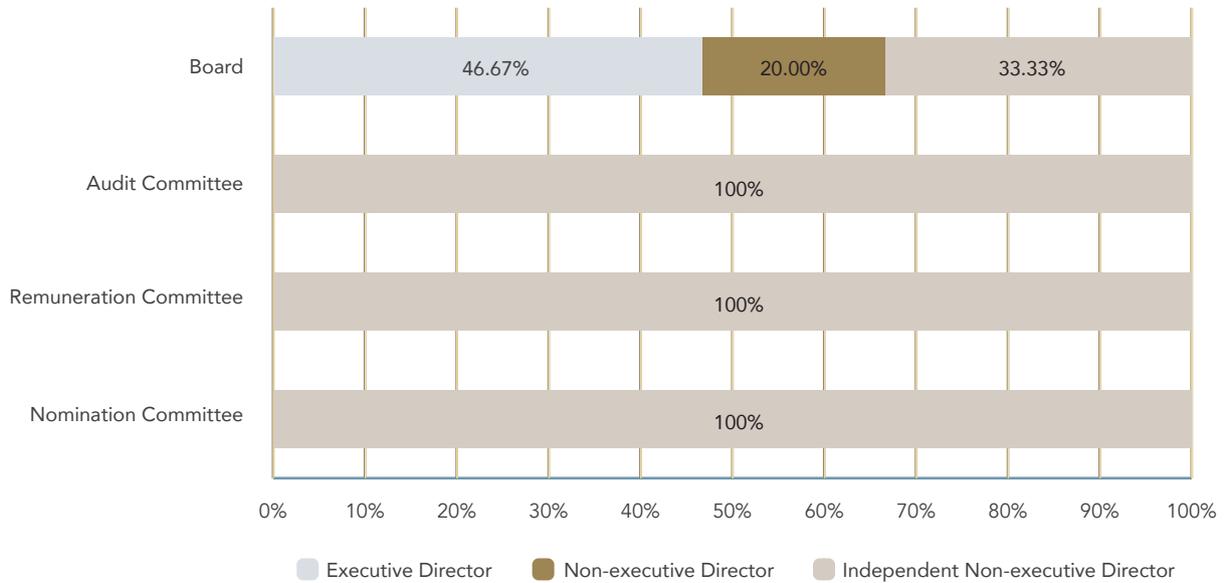
The Board assumes responsibility for leadership and control of the Group and is collectively responsible for promoting the success of the Company. The Board oversees the Group's management and operation, providing insight based on Great Eagle's culture and values, and is ultimately accountable for the Group's activities, strategies and financial performance.

SUMMARY OF KEY MATTERS RESERVED FOR THE BOARD	
Strategy	<ul style="list-style-type: none"> • Approval of the Group's long-term objectives and corporate strategy • Extension of the Group's activities into new business of material nature • Any decision to cease to operate all or any material part of the Group's business • Any change in the Company's domicile or listing status
Structure and Capital	<ul style="list-style-type: none"> • Recommendations to Shareholders regarding proposals relating to General Mandates to buy-back existing shares and issue new shares • Changes relating to the Group's capital structure • Major changes to the Group's corporate structure, management and control structure
Financial and Corporate Governance	<ul style="list-style-type: none"> • Approval of the annual report, interim report and results announcements • Declaration of interim dividend and recommendation of final dividend • Approval of annual budgets and forecasts • Approval of any significant changes in accounting policies or practice • Approval of substantial acquisition or disposal • Approval of material connected transactions • Approval of major capital expenditures • Approval of terms of reference of Board committees • Review of the Group's overall corporate governance arrangements • Approval of the Group's governance policies • Approval of the sustainability report
Board Membership and Other Appointments	<ul style="list-style-type: none"> • Appointment of membership of Board Committees • Appointment or removal of the Company Secretary • Appointment, re-appointment or removal of the external auditor to be put to Shareholders for approval, if required

BOARD INDEPENDENCE

Great Eagle recognises that board independence is critical to good corporate governance and board effectiveness. The participation of Independent Non-executive Directors on the Board brings independent and objective judgment to issues relating to the Group's strategy, performance, conflicts of interest and management process, helping to ensure that the interests of all Shareholders have been duly considered. To ensure independent views and input are available to the Board, a Director Independence Policy was adopted and the following mechanisms have been established by the Board. Board Committees follow the same processes, where applicable, as the Board. Except for the Finance Committee which comprised of Executive Directors only, the other Board Committees comprised of Independent Non-executive Directors only.

Independence Weighting



MEASURES	MECHANISMS TO ENSURE INDEPENDENCE
Independence Assessment	<p>Confirmation of Independence All Independent Non-executive Directors have provided a written annual confirmation of independence to the Company regarding their compliance with the independence criteria set out under Rule 3.13 of the Listing Rules. The Nomination Committee shall assess the independence of Independent Non-executive Directors upon appointment and annually to ensure they can continually exercise independent judgement. Interlocking directorships of the Board members shall be reviewed by the Nomination Committee annually.</p> <p>Time Commitments All Directors should attend all regular meetings of the Board and Board Committees on which they serve, as well as general meetings. Non-executive Directors are required to provide written annual confirmations regarding their time spent on the affairs of the Company.</p> <p>Disclosure of Interest All Directors have to disclose their interest and/or any actual or potential conflict of interests in matters to be considered at the Board or Board Committee meetings. Directors shall abstain from voting in respect of any transaction, contract or arrangement in which he/she has material interests. Directors are required to provide confirmation of any material interests in businesses that compete with the Company.</p> <p>Appointment Process The Nomination Committee is delegated by the Board to shortlist any and all candidates nominated to be appointed as Directors. The Nomination Committee shall follow the selection criteria and evaluation procedures set out in the Nomination Policy when nominating candidates to be appointed as Directors of the Board.</p>
Proceedings of the Board	<p>The dates of the regular Board and Board Committee meetings for the year are determined in the fourth quarter of the previous year. At least 14 days' formal notice of regular Board and Board Committee meetings will be given to all Directors, and all Directors are invited to include any matters for discussion in the agenda. At least 3 business days in advance of every regular Board and Board Committee meeting, Directors are provided with the meeting agenda and relevant board papers containing complete, adequate and timely information, which enables full deliberation on the issues to be considered at the respective meetings.</p>
Board Decision Making	<p>During the Board and Board Committee meetings, Non-executive Directors are encouraged to freely express their independent views and input in an open and candid manner, provide open and objective challenge and informed insight and responses to the management, and contribute outside knowledge of the businesses and markets in which the Group operates. Comments and concerns raised by the Directors are closely followed up by the management.</p> <p>The Company Secretary is required to prepare minutes that record not only the decisions reached, but any concerns raised or dissenting views expressed by Directors. A draft version of the minutes is circulated to all Directors for their comment and confirmation. The final version is provided to the Directors for records. Minutes of all Board and Board Committee meetings are available for Directors' inspection.</p>

MEASURES	MECHANISMS TO ENSURE INDEPENDENCE
<p>Supply and Access to Information</p>	<p>Directors receive monthly reports covering highlights of the Company's major businesses, keeping them abreast of the Group's business performance and enabling them to reach informed decisions in the best interests of the Company and the Shareholders. More thorough and comprehensive management and financial updates are provided to all Board members on a quarterly basis to ensure they are aware of the financial performance and position of the Company. Discussion sessions between the Board and key members of management are held twice a year. Directors also have full access to the senior management of the Company.</p> <p>Directors also have access to the advice and services of the Company Secretary. The Company Secretary supports the Board, ensures proper information flow within the Board, ensures Board policies and procedures are followed, advises the Board on governance matters, facilitates induction and monitors the training and continuous professional development of Directors. The Company Secretary is a fellow of The Hong Kong Chartered Governance Institute and undergoes not less than 15 hours of professional training each year to continuously update relevant knowledge and skills. The Company Secretary's biography is set out in the Biographical Details of the Directors and senior management section of this Annual Report.</p> <p>To facilitate proper discharge of Directors' duties and responsibilities, all Directors (including Independent Non-executive Directors) are entitled to seek advice from the Company Secretary or in-house legal team, as well as from independent professional advisors at the expense of the Company. The Company Secretary is responsible for making all necessary arrangements.</p>
<p>Induction and Continuing Development</p>	<p>The Company Secretary provides an induction pack and orientation programme for all new recruits to the Board to familiarise them with the business and operations of the Group, the legal framework under which the Company is governed and the internal control and policies of the Company. Subsequent information packages are regularly provided to the Directors to keep them abreast of the latest industry developments and legal frameworks that are relevant to the affairs of the Company.</p> <p>The Company has established a Director Development Programme that fosters the continuous education of Board members. The programme has two components: (1) New Director Orientation and (2) Ongoing Director Development.</p> <p>To keep Directors abreast of their responsibilities and provide them with new knowledge, information packages comprising the latest developments in the legal and regulatory space, corporate governance, financial reporting, macroeconomy developments, industry news and materials relevant to the roles, functions and duties as a director will be periodically provided to each Director by the Company Secretary. With regard to the Director Development Programme in 2023, various reading materials were circulated to the Directors including but not limited to research and studies on the outlook for the property and hotel markets, technology trends, issues on financial reporting, employment matters, anti-corruption and personal data privacy, current trends on travel and economic forecasts.</p> <p>All Directors (except Madam Lo To Lee Kwan) have participated in the Programme and/or other continuous professional development, and have provided to the Company a record of at least 10 hours' of training they received.</p>
<p>Remuneration of Independent Non-executive Directors</p>	<p>Independent Non-executive Directors receive only fixed fees for their roles as members of the Board and Board Committees. No profit-related pay is granted, as this may lead to bias in their decision-making and compromise their objectivity and independence.</p>

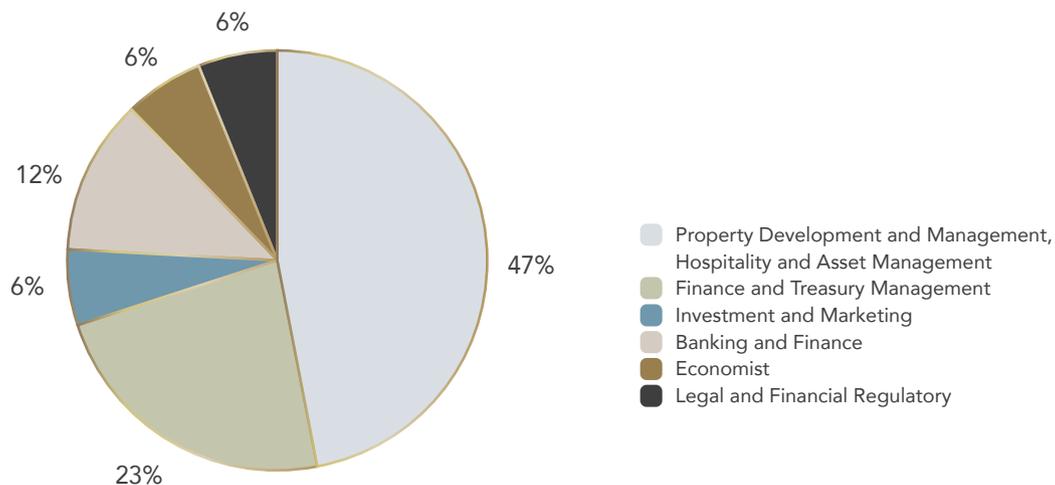
The Board believes the above measures facilitate the Directors in making effective contributions, and ensure that independent views and input are available to the Board and Board Committees. The implementation and effectiveness of these mechanisms is reviewed by the Board annually.

Board Diversity

According to the board diversity policy (the "Board Diversity Policy") adopted by the Nomination Committee, the Company recognises and embraces the idea that increasing diversity at the Board level is an important part of achieving its strategic objectives and attracting and retaining the best people. Appointments to the Board shall be made based on merit, in the context of the skills and experience the Board as a whole requires to be effective, and against objective criteria and with due regard for the benefits of diversity. There are many considerations that factor into the Nomination Committee's nomination process, including legal requirements, best practices, and skills required to complement the Board's skill set – as well as the number of Directors needed to discharge the duties of the Board and its Committees. The Nomination Committee will not set any restrictions regarding gender, age, nor cultural or educational background when short-listing candidates. The Company believes that a truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background and other qualities of Directors. The Nomination Committee shall review the diversity of the Board at least annually, taking into account the Group's business model and specific needs. The Nomination Committee will monitor the implementation of the Board Diversity Policy and, if appropriate, recommend proposed changes to the Board to complement the Company's corporate strategy.

Currently, the Board possesses a diversity of perspectives appropriate to Great Eagle's business nature, corporate strategy and structure. The members of the Board have a range of expertise in property development and management, hospitality and asset management, finance and treasury management, investment and marketing, banking and finance, economist, legal and financial regulatory.

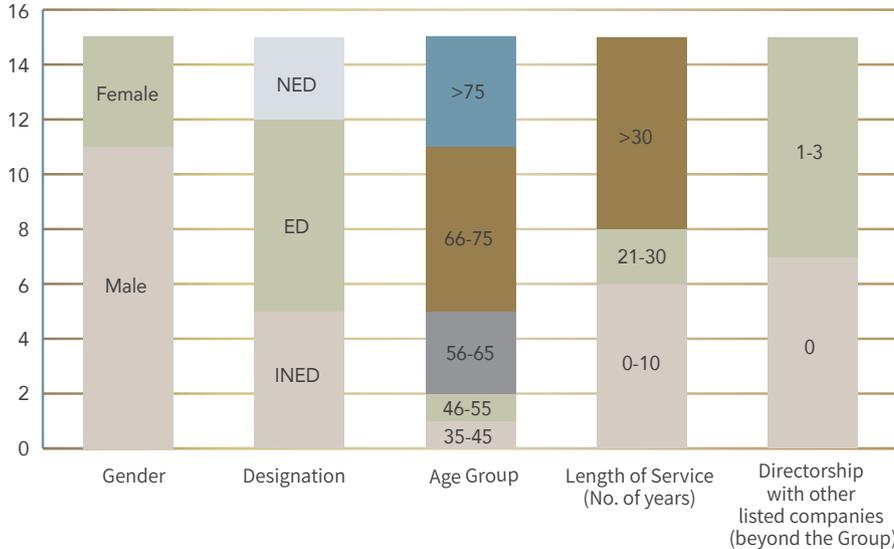
Area of Experience



Besides, the Board is made up of different age groups and both genders. The Board considers that its current board composition maintains an appropriate balance of professional backgrounds, skills, experience, gender and age. The following charts depicts the Board's diversity profile of the Board as at 31 December 2023:

Diversity Profile

Number of Directors



Remarks:

ED – Executive Director

NED – Non-executive Director

INED – Independent Non-executive Director

Further biographical information of the Directors is set out in the "Biographical Details of Directors and Senior Management" section of this Annual Report and the website of the Group (www.GreatEagle.com.hk).

Board Meetings

The Board meets at least four times a year at approximately quarterly intervals to discuss and formulate the Group's overall business strategies, monitor financial performance and discuss its annual results, interim results and other significant matters as set out in the Schedule of Matters Reserved for the Board.

Attendance Record at Board Meetings, Board Committee Meetings and General Meeting

Four full physical Board meetings were held during the year ended 31 December 2023. Board meetings during the year were held either by means of telephone conference or video conference. The attendance of individual Directors at such Board meetings, Board Committee meetings and the annual general meeting held during the year ended 31 December 2023 is as follows:

Name of	Number of Meeting(s) Attended / Eligible to Attend for the year ended 31 December 2023				
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Annual General Meeting
Executive Directors					
LO Ka Shui ^(Note 1)	4/4	–	–	–	1/1
LO Hong Sui, Antony	4/4	–	–	–	1/1
LAW Wai Duen	4/4	–	–	–	1/1
LO Chun Him, Alexander	4/4	–	–	–	1/1
KAN Tak Kwong ^(Note 2)	4/4	–	–	–	1/1
CHU Shik Pui	4/4	–	–	–	1/1
POON Ka Yeung, Larry	4/4	–	–	–	1/1
Non-executive Directors					
LO TO Lee Kwan	(Note 3)	–	–	–	(Note 3)
LO Hong Sui, Vincent	3/4	–	–	–	0/1
LO Ying Sui	4/4	–	–	–	1/1
Independent Non-executive Directors					
WONG Yue Chim, Richard	3/4	1/2	1/1	2/2	1/1
LEE Pui Ling, Angelina	4/4	2/2	1/1	2/2	1/1
ZHU Qi	4/4	2/2	1/1	2/2	1/1
HO Shut Kan	4/4	2/2	1/1	2/2	1/1
Diana Ferreira CESAR ^(Note 4)	3/3	–	–	–	1/1

Notes:

- (1) Chairman and Managing Director
- (2) General Manager
- (3) Madam Lo To Lee Kwan did not attend the Board meetings and annual general meeting in the year 2023. Madam Lo has been long in office and is relatively inactive in the Group's business in recent years. However, as a co-founder of Great Eagle, Madam Lo has an irreplaceable status in the Company. In view of her history and contributions in the Group, the Board considered that it is fit and proper for Madam Lo to remain in the Board.
- (4) Ms. Diana Ferreira Cesar was appointed as an Independent Non-executive Director on 4 April 2023.

Directors' Securities Transactions

Great Eagle has adopted its own Code of Conduct regarding Securities Transactions by Directors and Relevant Employees on terms no less exacting than the standard set out in the Model Code; and it is updated from time to time in accordance with the Listing Rules requirements. The Directors' interests in the securities of the Company and its associated corporations (within the meaning of the SFO) as at 31 December 2023, are set out from pages 91 to 94 of this Annual Report.

Having made specific enquiries, all Directors and relevant employees of the Company confirmed that they have fully complied with the Code of Conduct for Securities Transactions throughout the year ended 31 December 2023.

Directors' and Officers' Insurance

During the year ended 31 December 2023, the Company has arranged appropriate Directors' and Officers' liabilities insurance coverage in respect of legal action against its Directors and officers.

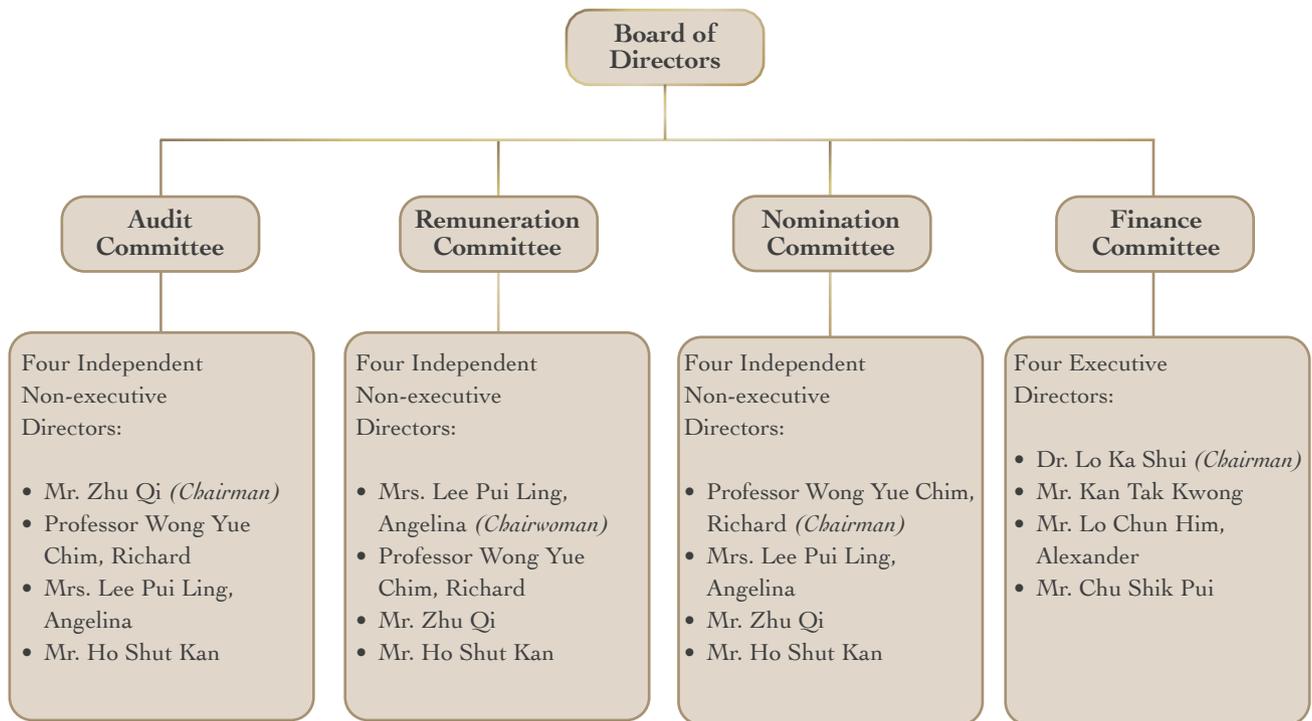
DELEGATION BY THE BOARD

Management Functions

Under the leadership and supervision of the Board, day-to-day management and operation of the Group have been delegated to divisional management. The Board gives clear directions to management as to their powers of management, and circumstances in which the management should report back to the Board. Apart from the above, the divisional management is also accountable for execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory requirements, rules and regulations.

Board Committees

The Board has established four standing Board Committees with clear terms of reference to review specific issues or items. They are the Audit Committee, Remuneration Committee, Nomination Committee and Finance Committee. These Board Committees have also adopted the same principles, procedures and proceedings as the Board. The Board Committees meet regularly during the year to share their views, advice and experience on matters material to the Group's affairs. Each Board Committee reports its decisions and recommendations to the Board.



Audit Committee



The Audit Committee was established in 1999. Its updated written terms of reference of the Audit Committee are posted on the Group's website (www.GreatEagle.com.hk) and the HKEXnews website (www.hkexnews.hk).

Roles and Authorities

The Audit Committee assists the Board on internal control, risk management, financial management and corporate governance issues. Advisory and not supervisory in nature, the Audit Committee reviews management reports and proposals, and makes recommendations to the Board regarding financial reporting and other statutory obligations, risk management and internal control systems, audit process and corporate governance practices. The Audit Committee's principal duties are:

- (a) to review Great Eagle's half-year report, annual report and financial statements, and provide relevant comments and advice to the Board;
- (b) to discuss our statement on risk management and internal control systems with management, to review and monitor internal audit function, programmes and reports, to ensure internal audit function including staff qualifications and experience, training programmes and budget of the Company's accounting and financial function is adequately resourced and has appropriate standing within the Company;
- (c) to advise the Board regarding appointment, re-appointment and removal of external auditor, to approve their fees and terms of engagement, and handle any questions around resignation or dismissal;
- (d) to review the external auditor's management letter, and convey management's response to points raised on accounting records, financial accounts or internal control systems;
- (e) to review arrangements for staff to confidentially raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters – and to ensure mechanisms are in place for a fair and independent investigation along with appropriate follow-up action; and
- (f) to review the implementation and compliance of the Deed of Right of First Refusal dated 10 May 2013 entered into between the Group and LHI regarding the grant of a right of first refusal by the Group to LHI in relation to certain investment and disposal of hotel properties by the Group as more particularly described in the prospectus of LHI in order to maintain a clear delineation of the respective businesses of LHI and that of the Group.

Summary of Work

The Audit Committee held two physical meetings during the year ended 31 December 2023. Highlights of their work include:

PRIMARY AREAS OF DUTIES	SUMMARY OF MAJOR WORK DONE OF THE AUDIT COMMITTEE IN 2023
Disclosure of Financial Information	<ul style="list-style-type: none"> • reviewed the audited financial statements for the year ended 31 December 2022 and the unaudited financial statements for the six months ended 30 June 2023, with particular regard to significant audit risks and other audit issues including: <ol style="list-style-type: none"> (1) significant risk on the review on fair value of the Group’s investment properties; (2) significant risk on the impairment review of hotel buildings assessed with value in use; (3) reviewed the consideration payable for a development project; (4) reviewed provision of the construction payable for a development project; (5) reviewed fair value of derivative financial instruments – cross currency swaps and interest rate swaps; (6) reviewed the effectiveness of the cashflow hedge; (7) reviewed revenue recognition; and (8) the potential oversight by management in the financial reporting process. • reviewed and approved the Company’s draft 2022 Annual Report and final results announcement • reviewed and approved the Company’s draft 2023 Interim Report and interim results announcement
Risk Management and Internal Control	<ul style="list-style-type: none"> • reviewed various internal audit activities and approved the annual audit plan • reviewed the effectiveness of risk management and internal control systems • reviewed internal auditor’s significant findings and recommendations and monitored subsequent implementations
Reports from External Auditor	<ul style="list-style-type: none"> • reviewed the external auditor’s reports for the year ended 31 December 2022 and for the six months ended 30 June 2023, which summarise governance-related matters arising from their audit
Re-appointment of External Auditor	<ul style="list-style-type: none"> • reviewed and considered the re-appointment of Messrs. Deloitte Touche Tohmatsu as the external auditor, the provision of audit and non-audit services and approved their remuneration
Legal and Regulatory Compliance	<ul style="list-style-type: none"> • reviewed the Group’s accounting, finance and reporting functions, legal and regulatory, and governance and compliance issues including but not limited to the Company’s compliance with legal and regulatory requirements and the CG Code for the year ended 31 December 2022 and the six months ended 30 June 2023, and the disclosure in the Corporate Governance Report

Remuneration Committee



The Company established the Remuneration Committee in 2004. Its updated written terms of reference are posted on the Group's website (www.GreatEagle.com.hk) and the HKEXnews' website (www.hkexnews.hk).

Roles and Authorities

The Remuneration Committee reviews and approves remuneration packages for all Directors and senior management. It also sets up formal and transparent procedures to formulate policy on Executive Directors' remuneration, and to ensure remuneration levels are sufficient to attract and retain Directors to successfully run the Company without paying more than necessary. The principal duties of the Remuneration Committee are:

- (a) to determine the remuneration packages of the Group's employees including Executive Directors and senior management; and
- (b) to decide on the granting of share options under the Share Option Scheme or other share incentive scheme as may from time to time be adopted by the Company.

Summary of Work

During the year ended 31 December 2023, the Remuneration Committee held one physical meeting. The Remuneration Committee's major work during the year includes:

PRIMARY AREAS OF DUTIES	SMMARY OF MAJOR WORK DONE OF THE REMUNERATION COMMITTEE IN 2023
Remuneration Packages	<ul style="list-style-type: none"> • reviewed and approved proposals for 2023 general salary revisions and discretionary bonus distribution to Group employees • reviewed and recommended the Directors' fee and remuneration for Non-executive Directors and Independent Non-executive Directors for the year 2023
Incentives	<ul style="list-style-type: none"> • reviewed and approved the annual grant of the Group's share options

Share Incentive Schemes

Share Option Scheme

Share options were granted to recognise selected employees' contributions to the Group, allowing these staff to benefit from the business success they helped to create.

The Remuneration Committee considered candidates' work performance against their individual targets and no additional performance target is imposed before the share options are vested to the grantees. No additional performance target was imposed as (i) the purpose of the Share Option Scheme is for recognition of contributions of the grantees who are all employees of the Group, and enabling the employees to benefit from the business success they are helped to create; (ii) the value of the share options will be linked to future price of the Shares and the grantees would be motivated to contribute towards the Company's development; and (iii) the vesting period would reinforce the grantees' commitment to long-term services to the Group. Share options granted were subject to the clawback mechanism set out in the 2019 Share Option Scheme. In view of the above, the Remuneration Committee considered the grant of share options aligned with the purpose of the 2019 Share Option Scheme to motivate participants and allow them to participate in the growth of the Group's business.

Share Award Scheme

A Share Award Scheme is contemplating to be adopted, subject to approval at a Special General Meeting of the Company to be convened.

The scheme will enable Great Eagle to grant retention incentives or rewards for employees' contributions, to attract the best people to drive future growth, and to align our people's interests with those of our Shareholders – which benefits the Group's long term development.

Remuneration Policy for Directors and Senior Management

All Executive Directors are under salaried employment of the Company. During the year, the Remuneration Committee reviewed the emoluments of Directors and senior management based on their skills and knowledge, their job responsibilities and involvement in the Group's affairs, and the Company's performance and profitability – as well as industry benchmark comparisons and prevailing market conditions.

No Director should be involved in deciding his/her own remuneration. The remunerations of individual Directors and senior managers are determined by the Remuneration Committee, which comprises only Independent Non-executive Directors. The remuneration package offered to Directors and senior management comprises core fixed elements (including base salary, retirement benefits scheme contributions and other benefits) as well as discretionary variable elements (including discretionary bonuses). Details of Directors' emoluments can be found in note 11 to the consolidated financial statements. The emoluments of senior management were disclosed by bands as follows:

Bands:	2023 Number of Employees
Below HK\$5,000,000	11
HK\$5,000,000 – HK\$7,500,000	2
Above HK\$7,500,000	1
Total	14

Nomination Committee



The Company established the Nomination Committee in 2005. Its updated written terms of reference are posted on the Group's website (www.GreatEagle.com.hk) and the HKEXnews' website (www.hkexnews.hk).

Roles and Authorities

The Nomination Committee formulates policy and makes recommendations to the Board on nominations, appointment or re-appointment of Directors and Board composition. The principal duties of the Nomination Committee are:

- (a) to establish a policy concerning diversity of the Board, taking into account the Group's business model and specific needs;
- (b) to establish a policy for the nomination of Directors of the Group;
- (c) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (d) to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships;
- (e) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and
- (f) to assess the independence of Independent Non-executive Directors.

Nomination Policy

The Nomination Committee adopted the Nomination Policy in 2019 which sets out the selection criteria and the evaluation procedures for nominating candidates to be appointed or re-appointed as Directors of the Company. The objective of the Nomination Policy is to assist the Nomination Committee in fulfilling its duties and responsibilities as provided in its terms of reference. The Nomination Committee recommends candidates for nomination to the Board, which approves the final choice of candidates.

The Nomination Committee shall consider any and all candidates recommended as nominees for Directors to the Nomination Committee by any Directors or Shareholders of the Company in accordance with the Bye-laws. The Nomination Committee may also undertake its own search process for candidates and may retain the services of professional search firms or other third parties to assist in identifying and evaluating potential nominees. The Nomination Committee shall endeavour to find individuals of high integrity who possess the qualifications, qualities, skills, experience and independence (in case of Independent Non-executive Directors) to effectively represent the best interests of all Shareholders. Candidates will be selected for their ability to exercise good judgment, and to provide practical insights and diverse perspectives. The Nomination Committee may use any process it deems appropriate for the purpose of evaluating candidates including personal interviews, background checks, written submission by the candidates and third party references. As far as practicable, nominees for each election or appointment of Directors shall be evaluated using a substantially similar process. The Nomination Committee shall review the Nomination Policy from time to time.

Independence Assessment

The Nomination Committee believes that independence is an important part of fulfilling the Directors' duty to supervise the management of the business and affairs of the Company. Non-executive Directors and Executive Directors are required to disclose his/her competing businesses to the Company. Cross-directorships in Hong Kong or overseas between Directors are also reviewed annually. The Nomination Committee is accountable for assessing whether any competing businesses or interlocking directorships could materially interfere with the exercise of objective and unfettered judgement by relevant Directors or their ability to act in the best interests of the Group.

The Nomination Committee also considered the Independent Non-executive Directors' tenure, noting that two Independent Non-executive Directors have served on the Board for more than nine years ("Long Serving INEDs"), namely Professor Wong Yue Chim, Richard and Mrs. Lee Pui Ling, Angelina and their re-appointments are subject to separate resolutions to be approved by the Shareholders at the annual general meeting. After considering the relevant independence assessment requirements set out in Rule 3.13 of the Listing Rules, the Nomination Committee formed the view that there is no evidence showing that Long Serving INEDs who have served on a board for nine years or more would lose their independence nor be at an increased risk of complacency given their familiarity with management. The Nomination Committee considered that independence of mind is far more important than the appearance of independence and are fully satisfied that the Long Serving INEDs demonstrate complete independence in character and judgement both in their designated roles and as Board members and are of the opinion that they will continue to bring independent views of the Company's affairs to the Board notwithstanding their length of service. In addition, the Nomination Committee was of the view that their unique expertise in legal and financial sectors, economic and social affairs in Hong Kong and China, all of which are relevant to the Group's business, enabled them to provide valuable and objective guidance for the Group's business and could bring new ideas from different perspectives to the Board.

Both Long Serving INEDs did not have any relationships with any other Directors, senior management, substantial or controlling Shareholders of the Company. They have confirmed that they did not have any material interest in competing business, either directly or indirectly, with the Group's business. They were not involved in the daily management of the Company and have never engaged in any executive management which would materially interfere with their exercise of independent judgement. They have submitted annual confirmation to the Company on their fulfillment of the independence guidelines set out in Rule 3.13 of the Listing Rules which assesses the independence of Independent Non-executive Directors. They have also provided written confirmation to the Company on the sufficiency of time spent and attention to the affairs of the Company. In view of the above, the Nomination Committee believed that both are able to devote sufficient time and attention to the affairs of the Company without being over-occupied in the business of other listed companies.

Summary of Work

During the year ended 31 December 2023, the Nomination Committee held two physical meetings. Committee members held discussions and exchanged emails to identify potential candidates for Independent Non-executive Directors. The Nomination Committee's major work during the year includes:

PRIMARY AREAS OF DUTIES	SUMMARY OF MAJOR WORK DONE OF THE NOMINATION COMMITTEE IN 2023
Board Composition	<ul style="list-style-type: none"> reviewed the structure, size and composition of the Board, and the contributions required of Board members reviewed Non-executive Directors' time commitment to the affairs of the Company, including meeting attendance and other listed Company's directorships
Independence of Independent Non-executive Directors	<ul style="list-style-type: none"> reviewed the independence of Independent Non-executive Directors, including Long Serving INEDs
Appointment or Re-appointment of Directors	<ul style="list-style-type: none"> approved the nomination of retiring Directors seeking re-election at the 2023 Annual General Meeting identified a list of potential candidates and reached out to current Directors and business partners for candidate recommendations to fill a vacancy for an Independent Non-executive Director reviewed preliminary background searches of shortlisted potential candidates and assessed their suitability, experience, skills, qualifications, and independence reviewed a second round of nominations for an additional Independent Non-executive Director to re-comply with Rule 3.10A of the Listing Rules approved the appointment of Ms. Diana Ferreira Cesar as an Independent Non-executive Director

Finance Committee

The Finance Committee was established in 2003, and its terms of reference were updated in May 2023. Members of the Finance Committee meet on a weekly basis. Issues discussed by the Finance Committee and the decisions reached are reported at regular Board meetings.

Roles and Authorities

The Finance Committee assists in streamlining the Board's daily operations and administrative procedures. Its principal duties include:

- to review the financial position of the Company, including present or future borrowings and/or other financial obligations and/or liabilities, actual, contingent or otherwise;
- to review, consider and approve the submission of bids on a sole basis by the Group or on joint basis with other party(ies) for all the acquisition of land or property development project in Hong Kong from Government or Government-controlled entities through a public auction or tender; or acquisition of governmental land in the Mainland from a PRC Governmental Body (as defined in the Listing Rules) through a tender, auction, or listing-for-sale governed by the PRC laws;
- to review, consider and approve the execution (whether under seal) of any guarantee, indemnity or other security to be given by the Company and/or other obligations or liabilities, actual or contingent, in respect of present or future borrowings, development project(s), joint venture(s), investment(s), fund raising activity(ies), tender exercise(s) of whatever nature on normal commercial terms and in the ordinary and usual course of business of the Group; and
- to approve and authorise the opening and closing of and update the list of authorised signatories or signing arrangement in relation to any accounts maintained with any financial intermediates including banks and financial institutions in the name of the Company.

DIRECTOR'S FEE AND BOARD COMMITTEE REMUNERATION

A Director is entitled to receive a Director's fee of HK\$220,000 for the year ended 31 December 2023. The Director's fee was proposed by the Board on the recommendation of the Remuneration Committee, based on the general duties and responsibilities as a Director of the Company and approved by Shareholders at the 2023 Annual General Meeting, and payable to each Director as ordinary remuneration.

The annual remunerations received by the chairman and the members of the Audit Committee, Remuneration Committee and Nomination Committee are set out below. These remunerations were determined by the Board with reference to the time and effort involved in his/her specific duties and services, and the prevailing market conditions. No extra remuneration was paid to the chairman and members of the Finance Committee.

	2023 HK\$	2022 HK\$
Audit Committee		
• Chairman	220,000	220,000
• Committee Member	170,000	170,000
Remuneration Committee		
• Chairman	70,000	70,000
• Committee Member	60,000	60,000
Nomination Committee		
• Chairman	60,000	60,000
• Committee Member	50,000	50,000

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

During the year ended 31 December 2023, the Group engaged in transactions with parties regarded as "related parties" under the applicable accounting standards. Some of these related party transactions also constituted connected transactions as defined under the Listing Rules. Details of related party transactions are disclosed in note 39 to the consolidated financial statements.

AUDITOR'S REMUNERATION

During the year ended 31 December 2023, the total fees in respect of audit and non-audit services provided to the Group by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, are set out as follows:

Services rendered	2023 HK\$'000	2022 HK\$'000
Audit services	14,497	16,508
Non-audit services		
Taxation services	4,553	4,483
Interim review fee	1,602	1,594
Other review fees	326	373
	20,978	22,958

Note: The total amount of auditor's remuneration as disclosed in note 10 to the consolidated financial statements is HK\$14,950,000 which comprises audit services provided by other auditors in the total amount of HK\$453,000, but does not include the fees in respect of non-audit services.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is entrusted with ensuring that the Group establishes and maintains adequate and effective risk management and internal control systems that are designed to provide reasonable but not absolute assurance against material misstatement or loss, and to manage rather than eliminate risk of failure to meet the business objectives. Working to achieve these goals, Great Eagle has established:

- (a) a good control environment including a well-defined organisational structure, limit of authority, reporting lines and responsibilities;
- (b) a Risk Management Self-Assessment and Internal Control Self-Assessment conducted at least annually by the Group's major business entities;
- (c) appropriate risk mitigating activities including clear and written company policies and procedures that can manage risks to an acceptable level;
- (d) effective platforms to facilitate internal and external information flow;
- (e) a structural Internal Audit function to independently appraise major operations on an ongoing basis; and
- (f) Information Security Awareness Training regularly organized by the Internal Audit Department under the stewardship of the Information Technology Steering Committee.

Through the Audit Committee and the Internal Audit Department, the Board has conducted an annual review on the effectiveness of risk management and internal control systems for the year ended 31 December 2023.

A risk management framework has been implemented that provides a structured basis in which all key risks (including but not limited to governance and strategy, regulatory compliance, people and talent, technology and operations, financial, economic, legal and ESG) are identified, analysed, evaluated, treated, monitored and reported in a consistent manner at all levels across the Group. A Risk Register is maintained to summarise significant risks faced by the Group and relevant risk-mitigating activities.

Adopting a risk-based approach, the Internal Audit Department evaluates the Group's risk management and internal control systems, reviewing all major operations on a cyclical basis. The audit reviews cover all material controls including financial, operational and compliance controls; and findings are submitted for discussion at Audit Committee meetings. The Department also follows up on internal audit reports to ensure that previously identified findings have been properly resolved.

The Department's annual audit plan and the long-term strategy are approved by the Audit Committee, and the Head of the Internal Audit Department reports directly to the Managing Director and the Audit Committee.

Based on the results of the internal audit reviews for the year ended 31 December 2023 and the subsequent assessment of the Audit Committee, no significant irregularity or deficiency in the risk management and internal control systems has drawn the attention of the Audit Committee.

The Board is satisfied that the Group has maintained adequate and effective risk management and internal control systems for the year ended 31 December 2023.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board, supported by the Accounts and Finance Department, is responsible for the preparation of the Group's accounts for the year ended 31 December 2023.

The auditor's statement about their reporting responsibilities is set out in the Independent Auditor's Report on pages 101 and 104 of this Annual Report.

SHAREHOLDERS' RIGHTS

The Board and senior management work to ensure that all Shareholders are treated equitably and fairly, and that Shareholders have the following rights, which are set out in the Bye-laws and the Bermuda Companies Act 1981:

Convening a Special General Meeting by Shareholders

Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company shall have the right, by written requisitions to the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisitions.

The written requisition must state the purposes of the meeting, and must be signed by the Shareholder(s) concerned and deposited at the principal office of the Company, for the attention of the Company Secretary. It may consist of several documents in like form each signed by one or more Shareholder(s) concerned.

The written requisition will be verified with the Company's branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the relevant resolution in the agenda for such general meeting provided that the Shareholder(s) concerned have deposited a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the Shareholder(s) concerned in accordance with the statutory requirements to all registered Shareholders. Such general meeting shall be held within 6 weeks after deposit of such requisition.

If, within 21 days from such deposit of the requisition, the Board do not proceed to convene such special general meeting, the Shareholder(s) concerned, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the date of the deposit of the requisition.

A meeting so convened by the requisitionist(s) shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

Any reasonable expenses incurred by the requisitionist(s) by reason of the failure of the Directors duly to convene a meeting shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

Shareholder(s) holding not less than one-twentieth of the total voting rights of all the Shareholders or not less than 100 Shareholders, may:

- (i) put forward proposals at general meetings; or
- (ii) circulate to other Shareholders' written statement of not more than 1,000 words with respect to the matter to be dealt with at general meeting.

For further details on the Shareholders' qualifications, and the procedure and timeline in connection with the above, Shareholders are kindly requested to refer to Section 79 of the Bermuda Companies Act 1981.

Furthermore, a Shareholder may propose a person other than a retiring Director of the Company for election as a Director of the Company at the general meeting, by lodging a written notice of nomination with the consent of nominated person at the principal office of the Company at least 7 days before the date of the general meeting.

Putting Enquiries to the Board

Shareholders may send their enquiries requiring the attention of the Board to the principal office of the Company or through the Group's website (www.GreatEagle.com.hk), for the attention of the Company Secretary. Questions about the procedures for convening or putting forward proposals at an annual general meeting or special general meeting may also be put to the Company Secretary by the same means.

INVESTOR RELATIONS

Constitutional Documents

During the financial year 2023, there was no change in the Company's constitutional documents. A consolidated version of the Company's constitutional documents is available on the Group's website (www.GreatEagle.com.hk) and the HKEXnews' website (www.hkexnews.hk).

Shareholder Communication Policy

Great Eagle recognises the importance of maintaining an on-going dialogue with Shareholders. Our Shareholder Communication Policy promotes effective engagement with Shareholders, individual and institutional investors, and other stakeholders, giving them ready access to balanced and understandable information about the Company and corporate proposals, and making it easy for Shareholders to participate in general meetings. The Board reviews the Shareholder Communication Policy annually to ensure its effectiveness and compliance with prevailing regulatory and other requirements. Below is a summary of the Shareholder Communication Policy.

The Group's website (www.GreatEagle.com.hk) is one of our principal channels of communication with Shareholders and potential investors. All corporate communications, including annual and interim reports, announcements, circulars, key corporate governance policies, terms of reference of the Board Committees, press releases and other corporate information are available on this website – making it the most convenient channel for Shareholders who support environmentally-friendly means of receiving corporate communications. For Shareholders who prefer to read offline, we are pleased to send corporate communications in printed form, free of charge, upon written request.

Catering to Shareholders and other stakeholders seeking more detailed financial information, investor presentation materials from annual/interim results analyst briefings are also posted on our website. Shareholders, other stakeholders and members of the public may also direct any written enquiries to the Company's principal place of business in Hong Kong and by email to info@greateagle.com.hk.

During the year 2023, the Board reviewed the implementation and effectiveness of the Shareholder Communication Policy, noting that Group's website was updated on a regular basis to maintain effective ongoing communication with Shareholders, and Shareholders were able to access the latest Company information through the Group's website. Information released by the Company to the Stock Exchange was also posted on the Group's website as soon as reasonably practicable thereafter. Shareholders were provided with opportunities to directly communicate with Directors and senior management at general meetings, and enquiries from Shareholders were responded to within a specific timeframe. Based on these findings, the Board confirmed the effectiveness of the Shareholder Communication Policy.

General Meetings

Another principal communication channel with Shareholders is the annual general meeting, and the Company ensures that Shareholders' views are communicated to the Board. Total voting rights of Shareholders present at the 2023 Annual General Meeting in person or by proxy are as follows:

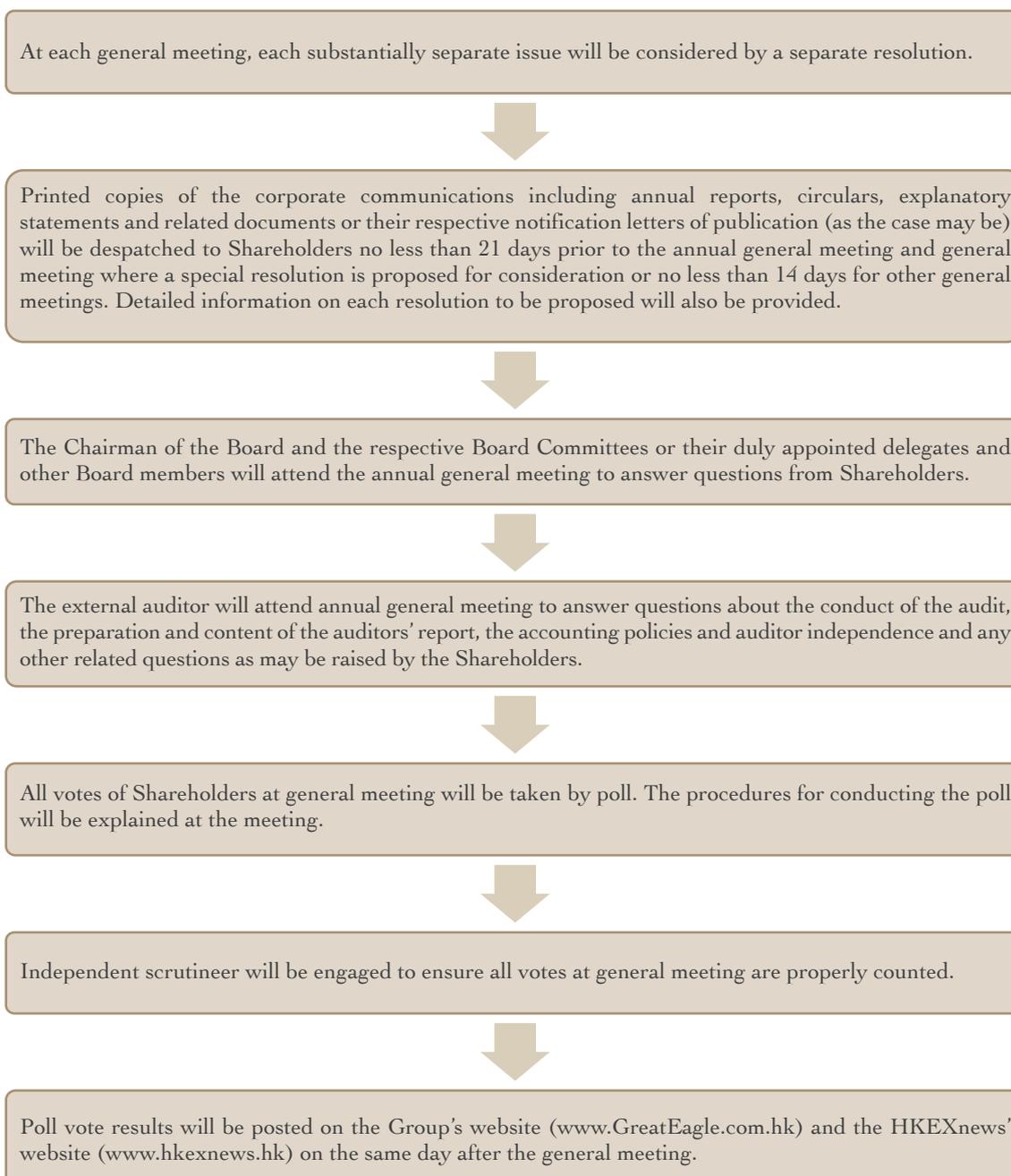
Total Voting Rights Present at 2023 Annual General Meeting

Number of shares represented	586,592,146
Percentage of shares represented	78.45%
Number of issued shares as at the date of the Annual General Meeting	747,723,345

The Chairman of the Board and the chairmen/chairwoman of the Audit, Remuneration, Nomination and Finance Committees attend annual general meetings and are available to answer questions. The auditor is also invited to attend annual general meetings to answer questions about the audit process, preparation and content of the auditor's report, accounting policies and the auditor's independence.

Great Eagle regularly reviews the proceedings of general meetings to ensure they follow appropriate best practice in corporate governance.

PROCEEDINGS OF GENERAL MEETINGS



Great Eagle is committed to protecting the privacy of all personal data. When collecting personal data from Shareholders, the purpose for collection and use of personal information is specified in the relevant document. Contact details are provided for Shareholders to access and correct their personal data.

Reducing paper consumption as well as printing and mailing costs for the benefit of Shareholders, we provide registered and non-registered Shareholders with a choice of receiving corporate communications (including documents issued or to be issued by or on behalf of the Company for the information or action of Shareholders as defined in Rule 1.01 of the Listing Rules) by electronic means through the Company's website or in printed form.

Actively seeking two-way communications, the Company regularly meets institutional investors, financial analysts and media at analyst briefings, investor meetings, one-on-one meetings, group meetings, local and overseas conferences and roadshows. A financial calendar setting out the important dates is contained in this Annual Report on page 12.

General Meeting held in 2023

The Company held a general meeting in 2023. Details are as follows:

- **2023 Annual General Meeting**

The 2023 Annual General Meeting was held on 18 May 2023 at 32nd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The matters resolved thereat are listed below:

Ordinary Resolutions	Percentage* of Votes in favour of the Resolution
1. Received the audited consolidated financial statements of the Group for the year ended 31 December 2023 together with the Reports of the Directors and independent auditor thereon.	99.76%
2. Approved the payment of a final dividend of HK50 cents per share.	99.76%
3. Re-elected Madam Lo To Lee Kwan as a Non-executive Director.	93.82%
4. Re-elected Mr. Lo Hong Sui, Vincent as a Non-executive Director.	98.45%
5. Re-elected Mrs. Lee Pui Ling, Angelina as an Independent Non-executive Director.	97.71%
6. Re-elected Mr. Ho Shut Kan as an Independent Non-executive Director.	99.76%
7. Re-elected Mr. Chu Shik Pui as an Executive Director.	98.55%
8. Fixed the ordinary remuneration of HK\$220,000 payable to each Director for the year 2023.	98.60%
9. Re-appointed Messrs. Deloitte Touche Tohmatsu as Auditor and authorised the Board of Directors to fix their remuneration.	98.79%
10. Approved the grant of a general mandate to the Directors to buy-back shares not exceeding 10% of the total number of issued shares.	98.79%
11. Approved the grant of a general mandate to the Directors to allot, issue and deal with additional shares not exceeding 20% of the total number of issued shares.	81.54%
12. Re-elected Ms. Diana Ferreira Cesar as an Independent Non-executive Director.	99.76%

* truncated to two decimal places.

Each of the general mandates to buy-back and to issue shares of the Company shall remain in effect until the conclusion of the next annual general meeting, or the expiration of the period within which such annual general meeting is required by laws or Bye-laws to be held or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first. Although the general mandates granted may not be utilized during the valid period as mentioned above, this gives the Company the flexibility when needed without proposing second and subsequent refreshments of the general mandates in any one year. The Company will use the mandates sparingly and in the interest of the Shareholders. The Company did not buy back or issue any shares under the general mandates granted by the Shareholders in the 2023 Annual General Meeting.

DIVIDEND POLICY

The Company's dividend policy was updated in 2023. Any declaration and payment of dividends shall be determined at the sole discretion of the Board, with the long-term objective of maximizing value for the Company's Shareholders. Great Eagle aims to provide Shareholders with a target annual dividend payout of not less than 25% of the core profit after tax attributable to equity holders in any financial year, subject to the following factors:

1. the Company's actual and expected cash flow position and financial performance;
2. projected capital expenditure, future expansion plans and growth opportunities;
3. the Group's debt to equity ratio, return on equity and other relevant financial covenants;
4. general economic conditions, business cycles of the Group's core business;
5. general expectations of Shareholders and investors of the Company; and
6. any other factors that the Board deems appropriate.

The Board declares dividends semi-annually. The Board may at its sole discretion declare the payment of special dividend to Shareholders and provide scrip dividend distribution option for the election of the Shareholders in relation to the payment of any dividend in any financial year as it deems appropriate. The payment of final dividend is subject to the approval of Shareholders.

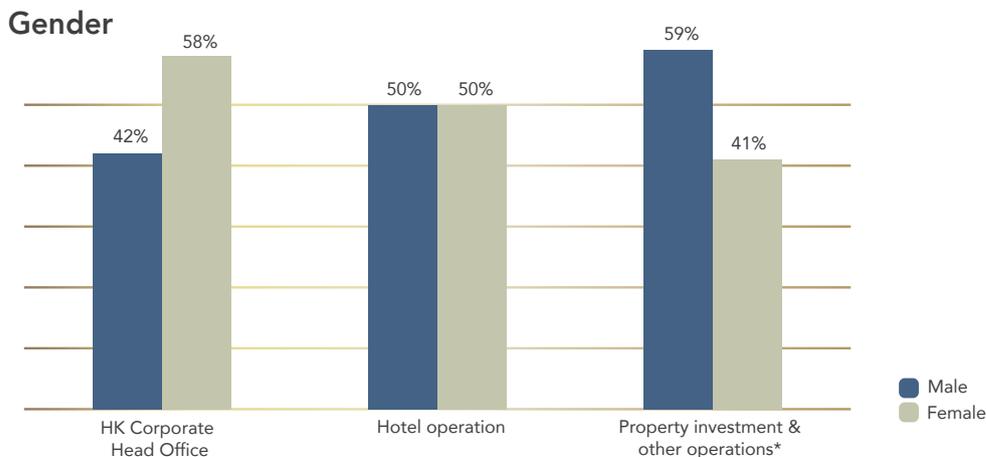
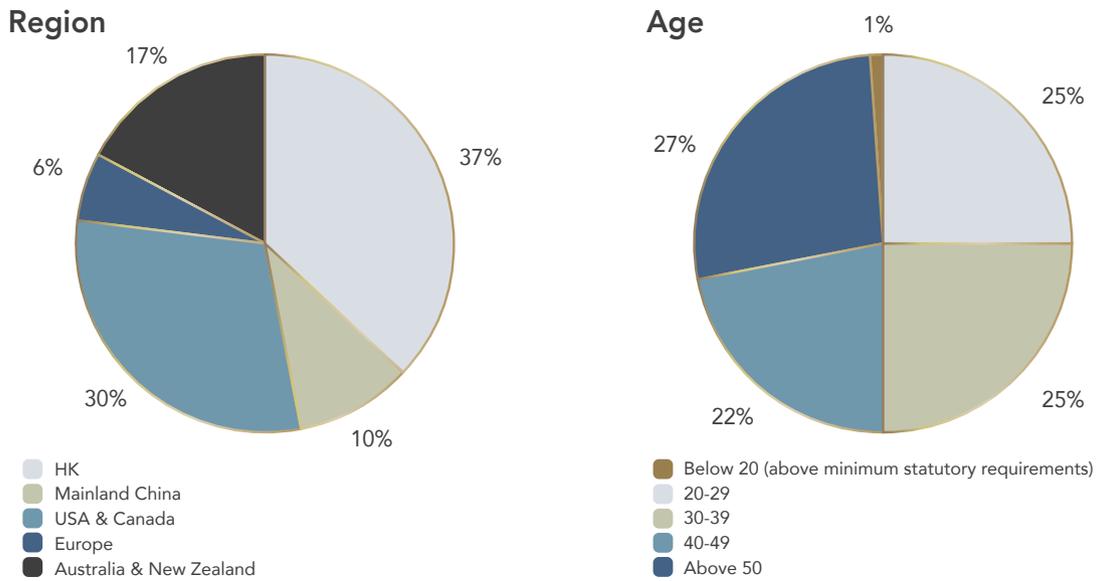
The dividend policy and the declaration and/or payment of dividends under this policy are subject to the Board's continuing determination that this dividend policy and the declaration and/or payment of dividends would be in the best interests of the Group and the Shareholders, and comply with all applicable laws and regulations.

The Board will continually review the dividend policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the dividend policy at any time, and the dividend policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or the obligation of the Company to declare a dividend at any time or from time to time.

EMPLOYMENT AND LABOUR PRACTICES

Our people form the backbone of our sustainable success. The Group is committed to providing lawful and proper employment that signifies human development. We recognise the importance of workforce sustainability: retaining and attracting the right people to meet current and future business needs. We offer competitive salaries to employees and grant discretionary bonuses based on the performance of the Group as well as individual performance. Great Eagle also provides other employee benefits including an educational allowance, insurance, medical scheme and provident fund schemes. Senior employees of the Group (including Executive Directors) are entitled to participate in the Great Eagle Holdings Limited Share Option Scheme or other share incentive schemes. Supporting the sustainable growth of our people, we organise staff recreational activities, a staff wellness programme which includes a wellness festival, green workshops and mindfulness classes, as well as community volunteering projects for employees.

As at 31 December 2023, the number of employees of the Group, including our head office management team, frontline hotel, property management and operation colleagues, increased approximately 11.05% to 6,262 (2022: 5,639). The increase was mainly attributable to meet the pent-up demand due to the resuming of business and leisure travel post-COVID-19 period. The following charts show the composition and functional grouping of employees, including senior management, of the Group as at 31 December 2023:



* Other operations primarily include property development, operation of flexible workspace, asset management, project management, trading of building materials, securities investment, provision of property management, maintenance and property agency services and property leasing.

At Great Eagle, we value communication and team spirit, and continuously promote dialogue, teamwork and a healthy work-life balance, including:

- (a) Staff meetings hosted by the Chairman, focusing on the Group's recent business developments;
- (b) Regularly-organised staff recreational activities that promote communication and cohesion across departments, business units and levels of seniority; and
- (c) Executive luncheons hosted by the Chairman and/or Executive Directors which provide opportunities for the Group's top management to gather and exchange ideas.

We also provide an iForum, an online platform where employees can express themselves freely and share ideas.

The Group conducted a number of development and training programmes during the year, detailed in the "Development and Training" section of Great Eagle's Sustainability Report 2023.

CORPORATE GOVERNANCE ENHANCEMENT

Good corporate governance practice is key to the Group's long-term success in a constantly evolving business landscape. Believing that effective integration of corporate governance, environmental and social responsibilities have the potential to create even greater value, the Board regularly evaluates our governance approach and identifies areas for improvement – ensuring our approach remains relevant and aligned with best practices. For details regarding Great Eagle's sustainability performance, please refer to our Sustainability Report 2023.



BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Dr. LO Ka Shui

Chairman and Managing Director

Dr. LO Ka Shui, aged 77, has been a member of the Board since 1980. He is a substantial Shareholder, Chairman and Managing Director of the Company, Chairman of the Company's Finance Committee, and holds directorship in various subsidiaries of the Company. He is Chairman and Non-executive Director of the Manager of the publicly-listed trusts, Champion Real Estate Investment Trust and Langham Hospitality Investments. He is also Vice President of The Real Estate Developers Association of Hong Kong and a member of The Hong Kong Centre for Economic Research's Board of Trustees. Dr. Lo was formerly Director of Hong Kong Exchanges and Clearing Limited; Chairman of the Listing Committee for the Main Board and Growth Enterprise Market; a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority; Chairman of The Chamber of Hong Kong Listed Companies; Chairman of the Hospital Authority of Hong Kong; a Board Member of the Airport Authority Hong Kong; and a Member of the University Grants Committee.

Dr. Lo graduated from McGill University with a Bachelor of Science Degree and obtained a Doctor of Medicine (M.D.) Degree from Cornell University, and was certified in Internal Medicine and Cardiovascular Disease at University of Michigan Hospitals. He has over four decades of experience in property and hotel development and investment both in Hong Kong and overseas. Dr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, a younger brother of Mr. Lo Hong Sui, Antony and Madam Law Wai Duen, and the father of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Madam LO TO Lee Kwan

Non-executive Director

Madam LO TO Lee Kwan, aged 104, has been a Director of the Group since 1963. She was an Executive Director of the Company prior to her re-designation as a Non-executive Director of the Company in 2008. She is the wife of Mr. Lo Ying Shek, the late former chairman of the Company, and is the co-founder of the Group. She was involved in the early stage of development of the Group. She is the mother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and the grandma of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Professor WONG Yue Chim, Richard

Independent Non-executive Director

Professor WONG Yue Chim, Richard, aged 71, is an Independent Non-executive Director of the Company. He has been a Director of the Company since 1995 and is the Chairman of the Nomination Committee and a member of both the Audit Committee and the Remuneration Committee of the Company. Professor Wong is Provost and Deputy Vice-Chancellor and Chair of Economics at The University of Hong Kong. He is a leading figure in advancing economic research on policy issues in Hong Kong through his work as Founding Director of The Hong Kong Centre for Economic Research and the Hong Kong Institute of Economics and Business Strategy. He was awarded the Silver Bauhinia Star in 1999 in recognition of his contributions in education, housing, industry and technology development and was appointed a Justice of the Peace in 2000 by the Government of the Hong Kong Special Administrative Region. He is a member of Research Council of Our Hong Kong Foundation. Professor Wong is an Independent Non-executive Director of Pacific Century Premium Developments Limited and Sun Hung Kai Properties Limited, both of which are companies whose shares are listed on the Stock Exchange.

Mrs. LEE Pui Ling, Angelina*Independent Non-executive Director*

Mrs. LEE Pui Ling, Angelina, aged 75, was appointed an Independent Non-executive Director of the Company in 2002 and is the Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. Mrs. Lee is a solicitor and a Fellow of the Institute of Chartered Accountants in England and Wales. She holds a Bachelor of Laws degree from and was awarded an Honorary Fellowship by University College London, University of London. Amongst her public appointments, Mrs. Lee was a member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Non-executive Director of the Securities and Futures Commission. Mrs. Lee is a Non-executive Director of CK Infrastructure Holdings Limited, Henderson Land Development Company Limited and TOM Group Limited, all of which are listed companies.

Mr. ZHU Qi*Independent Non-executive Director*

Mr. ZHU Qi, aged 63, was appointed as an Independent Non-executive Director of the Company in 2022 and is the Chairman of the Audit Committee and a member of both the Remuneration Committee and Nomination Committee of the Company. He had been the Chairman and Executive Director of CMB Wing Lung Bank Limited from 2019 to 2022 and the Chief Executive Officer and Executive Director from 2008 to 2019. Mr. Zhu had also been the Executive Vice President of China Merchants Bank Co., Ltd. from 2008 to 2019 and a former Director of CMB International Capital Corporation Limited. He joined the Industrial and Commercial Bank of China in 1986 and had been the Deputy General Manager and General Manager of Industrial and Commercial Bank of China, Hong Kong Branch and the Director, Managing Director and Chief Executive Officer of Industrial and Commercial Bank of China (Asia) Limited respectively from 1995 to 2008. Mr. Zhu is an Independent Non-executive Director of China Merchants China Direct Investments Limited (listed in Hong Kong) and ZA Bank Limited. He graduated with a Bachelor's Degree in Economics from Dongbei University of Finance and Economics, and obtained a Master's Degree in Economics from Zhongnan University of Finance and Economics.

Mr. HO Shut Kan*Independent Non-executive Director*

Mr. HO Shut Kan, aged 75, was appointed as an Independent Non-executive Director of the Company in 2022 and is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He has over 40 years of experience in the property operations and real estate sector including leasing and managing residential, commercial and investment properties. Mr. Ho was Executive Director and Chief Executive Officer of Kerry Properties Limited (listed in Hong Kong) before his retirement in 2018. Mr. Ho currently is the Senior Advisor of Kerry Properties Limited. During the past three years, Mr. Ho was an Independent Non-executive Director of Eagle Asset Management (CP) Limited, being the Manager of Champion Real Estate Investment Trust (listed in Hong Kong). Mr. Ho holds a Master of Business Administration Degree from the University of East Asia.

Ms. Diana Ferreira CESAR*Independent Non-executive Director*

Ms. Diana Ferreira CESAR, aged 55, was appointed as an Independent Non-executive Director of the Company in 2023. Ms. Cesar is an Executive Director and Chief Executive of Hang Seng Bank Limited and the General Manager of HSBC Holdings plc (both listed in Hong Kong). Ms. Cesar was the Chief Executive Officer, Hong Kong of The Hongkong and Shanghai Banking Corporation Limited from 2015 to 2021. She is a member of the board of directors and convenor of human capital committee of the Financial Services Development Council, the chairman of the board of directors of Hang Seng School of Commerce, a member of the board of trustees of Ho Leung Ho Lee Foundation, a member of The Financial Infrastructure and Market Development Subcommittee of Hong Kong Monetary Authority, a board member, the co-chairman of the campaign committee, a member of executive committee and the chairman of the corporate and employee contribution programme organising committee of The Community Chest of Hong Kong, the chairman of the board of governors of The Hang Seng University of Hong Kong, a vice president of The Hong Kong Institute of Bankers, a council member of Treasury Markets Association, and a member of the University Grants Committee. Ms. Cesar is a Honorary Certified Banker of The Hong Kong Institute of Bankers and was appointed a Justice of Peace in 2022 by the Government of the Hong Kong Special Administrative Region. She holds a Bachelor of Arts in Commerce and Social Sciences from the University of Toronto.

Mr. LO Hong Sui, Antony*Executive Director*

Mr. LO Hong Sui, Antony, aged 82, is an Executive Director and a director of various subsidiaries of the Company. He has been a Director of the Group since 1967. Mr. Lo has been actively involved in property development, construction and investment for decades. He graduated from the University of New South Wales with a Bachelor's Degree in Commerce. Mr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, a younger brother of Madam Law Wai Duen, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Madam LAW Wai Duen*Executive Director*

Madam LAW Wai Duen, aged 87, is an Executive Director and a director of various subsidiaries of the Company. She has been a Director of the Group since 1963. Madam Law graduated from The University of Hong Kong with a Bachelor's Degree in Arts and has been actively involved in the Group's property development and investment in Hong Kong for decades. Madam Law is a daughter of Madam Lo To Lee Kwan, an elder sister of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and an aunt of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Mr. LO Hong Sui, Vincent*Non-executive Director*

Mr. LO Hong Sui, Vincent, aged 75, has been a Director of the Group since 1970. He was an Executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in 2008. He is also the Chairman of the Shui On Group which he founded in 1971. The Shui On Group is principally engaged in property development, premium commercial properties' investment and management, construction business with interests in Hong Kong and Mainland China. He is the Chairman of SOCAM Development Limited and Shui On Land Limited, both are listed on the Stock Exchange. He is also a former Non-executive Director of Hang Seng Bank Limited. Mr. Lo is the Honorary President of the Council for the Promotion & Development of Yangtze, an Economic Adviser of the Chongqing Municipal Government and an Honorary Court Chairman of The Hong Kong University of Science and Technology. He was awarded the Grand Bauhinia Medal (GBM) in 2017, the Gold Bauhinia Star in 1998 and was appointed a Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region. Mr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Dr. Lo Ying Sui, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony and Madam Law Wai Duen, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Dr. LO Ying Sui*Non-executive Director*

Dr. LO Ying Sui, aged 71, has been a Director of the Group since 1993. He was an Executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in 2008. With a Doctor of Medicine Degree from the University of Chicago, he is a specialist in Cardiology and a Clinical Associate Professor (honorary) at The Chinese University of Hong Kong Faculty of Medicine. He is a son of Madam Lo To Lee Kwan, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen and Mr. Lo Hong Sui, Vincent, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Mr. LO Chun Him, Alexander*Executive Director*

Mr. LO Chun Him, Alexander, aged 38, joined the Group in 2010 and was appointed as an Executive Director of the Company in 2015. He is also a member of the Finance Committee of the Company. Mr. Lo holds directorships in various subsidiaries of the Company, including The Great Eagle Company, Limited, The Great Eagle Development and Project Management Limited, Langham Hospitality Group Limited, Langham Hotels International Limited, Eagle Property Management (CP) Limited, Rio dei Vetrai S.r.l., Pacific Eagle Holdings Corporation and Great Eagle (China) Investment Limited. He is also a Non-executive Director of Langham Hospitality Investments Limited and LHIL Manager Limited (Manager of the publicly-listed Langham Hospitality Investments). Prior to joining the Group, he had worked at Citibank's investment banking division with a focus on Hong Kong's market. Mr. Lo is also a member of the Executive Committee of The Real Estate Developers Association of Hong Kong and a member of the Management Committee of The Federation of Hong Kong Hotel Owners Limited. He graduated from Washington University in St. Louis with a Bachelor of Arts in Psychology. Mr. Lo is a son of Dr. Lo Ka Shui, being a substantial Shareholder, the Chairman and Managing Director of the Company. Also, he is a grandson of Madam Lo To Lee Kwan, a nephew of Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company.

Mr. KAN Tak Kwong*Executive Director and General Manager*

Mr. KAN Tak Kwong, aged 72, has been a Director of the Group since 1988. He is an Executive Director, the General Manager and a member of the Finance Committee of the Company. Mr. Kan also holds directorships in various subsidiaries of the Company, including The Great Eagle Company, Limited, Langham Hospitality Group Limited, Langham Hotels International Limited, Eagle Property Management (CP) Limited, Keysen Property Management Services Limited, Great Eagle Tokyo TMK, Rio dei Vetrai S.r.l., Pacific Eagle Holdings Corporation and Great Eagle (China) Investment Limited. He graduated from The Chinese University of Hong Kong with a Master's Degree in Business Administration and is a member of various professional bodies including the HKICPA. Mr. Kan has decades of experience in finance, accounting, strategic development and corporate administration in the real estate, finance and construction industries.

Mr. CHU Shik Pui*Executive Director*

Mr. CHU Shik Pui, aged 62, joined the Group in 1989 and was appointed as an Executive Director of the Company in 2015. He is a member of the Finance Committee of the Company and also the Head of Tax and Investment primarily responsible for the Group's taxation, finance and investment matters. Mr. Chu is a Fellow of The Chartered Association of Certified Accountants and an Associate of the HKICPA. He is also a full member of the Society of Registered Financial Planners. Mr. Chu has over 30 years' aggregated experience in taxation, finance, accounting, legal, and acquisition and investment.

Professor POON Ka Yeung, Larry*Executive Director*

Professor POON Ka Yeung, Larry, aged 56, has been a Director of the Company since 2016. He was an Independent Non-executive Director of the Company prior to his re-designation as an Executive Director of the Company in 2021. He is responsible for overseeing the professional investment team of the Group for shortlisting and appraising investment projects. Professor Poon has been teaching marketing-related subjects for different Master Degree programs. He is an Adjunct Associate Professor in the Department of Marketing of The Chinese University of Hong Kong and also a member of the External Advisory Group (EAG) of the MBA Strategic Plan and an Honorary Institute Fellow of The Asia-Pacific Institute of Business of the University. Professor Poon is an Independent Non-executive Director of Shenzhen Neptunus Interlong Bio-Technique Company Limited whose H shares are listed on the Stock Exchange. He also plays a role in public services including Consultant and Independent Committee Member of the Registration Committee for the Practitioners Registration Scheme of the Chinese Gold and Silver Exchange Society, and Humanitarian Education Advisor and Council Member of Hong Kong Red Cross. He obtained his Bachelor's Degree in Mathematics with Minor in Economics and Marketing from The Chinese University of Hong Kong and was further admitted to the MBA Degree by the University of Hull, United Kingdom.

Directors' interests in the Group and/or in the associated corporations (within Part XV of the SFO) of the Company are set out in the Report of the Directors in this Annual Report.

SENIOR MANAGEMENT

HOTEL OPERATION

Mr. Bob VAN DEN OORD, aged 56, is the Chief Executive Officer of Langham Hospitality Group. He joined the Group in 2004 and managed several of its hotels in succession before taking up a series of corporate roles. These included his previous posts of Chief Operating Officer and Vice President – Sales and Marketing. Prior to this, Mr. van den Oord held various hotel management roles in the United States and the United Kingdom. As CEO, Mr. van den Oord spearheads the Group's overarching vision, steering strategic initiatives, and ensuring operational excellence across its global portfolio. With a dedicated focus on international expansion, efficiency, and the implementation of cutting-edge guest experiences through digital innovations and strategic partnerships, he is a seasoned leader at the forefront of the hospitality industry. Mr. van den Oord holds a hotel management degree in higher economic education from C.O.O.V.I.

Dr. LING Kwok Lung, Francis, aged 63, is the Chief Financial Officer of Langham Hospitality Group since 2022. He has a Doctor degree in Hotel and Tourism from The Hong Kong Polytechnic University, a Master of Law (LLM) from The University of Hong Kong, a MBA in Management Information Systems from University of Dallas, Texas and a Bachelor of Business Administration Degree from Chinese University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants since 1987. Dr. Ling is a seasoned finance executive with more than 30 years' hotel operations experience in different cultural environments including Australia, Mainland China and Hong Kong. He acquired corporate exposure at the Hyatt Asia Pacific office from 1995 to 2008 and had been the Global Finance Head of Marco Polo Hotel Group and Rosewood Hotel Group overseeing over 60 hotels worldwide during 2008 to 2018, where he led the acquisition of Rosewood and Penta hotel group. Before joining Langham Hospitality Group, he held the role of Vice President Finance responsible for assets management and owner's representative at Sun Hung Kai Real Estate Agency Limited, which owns assets including Four Seasons Hotel Hong Kong and Ritz Carlton Hong Kong.

ASSET MANAGEMENT

Champion REIT (Stock Code 2778)

Ms. HAU Shun, Christina, aged 49, joined the Group in 2022. She is the Chief Executive Officer and Executive Director of Eagle Asset Management (CP) Limited, which is wholly-owned by the Group and is the Manager of the publicly listed Champion REIT of which the Group has a 69.23% interest (as at 31 December 2023). Ms. Hau is a Registered Architect in Hong Kong with over 20 years of experience in the real estate industry, covering design, planning, project management and asset management of renowned world-class commercial complexes. Prior to joining the Group, Ms. Hau worked at Hong Kong's leading real estate companies overseeing the group's key Mainland China Investment Properties. Ms. Hau graduated from The Chinese University of Hong Kong with degrees in Master of Architecture and Bachelor of Social Sciences (Hons). She is a member of Hong Kong Institute of Architects and Hong Kong Chapter Board Member of Asia Pacific Real Assets Association (APREA).

Langham Hospital Investments (Stock Code: 1270)

Mr. Brett BUTCHER, aged 64, is currently the Chief Executive Officer and Executive Director of Langham Hospitality Investments Limited and LHIL Manager Limited, the Manager of the publicly listed Langham Hospitality Investments of which the Group has a 70.23% interest (as at 31 December 2023). Mr. Butcher is also the Executive Advisor of the hotel asset management arm of the Group. He joined the Group in 2017 and has previously held senior executive positions in Langham Hospitality Group between 2002 and 2014. Mr. Butcher has over 40 years' extensive hotel business experience in both hotel operations and sales and marketing in Asia, the Pacific and North America. Mr. Butcher holds a Bachelor's Degree in Business (Hospitality Management) from University of Queensland Lawes Campus.

PROJECT INVESTMENT AND DEVELOPMENT

Ms. CHUNG Wing Ki, Vicky, aged 58, is the Head of Development and Project Management, joined the Group in 2021. As a Registered Architect with over 30 years' experience in real estate development and project management, she oversees the project portfolio of the Group. Prior to joining the Group, she was the Director (Project Management) of a private equity investor group and has been with one of the largest listed property development companies in Hong Kong for over 16 years. She has extensive experience on development planning, land exchange, town planning and project management. She has led multi-disciplinary teams of professionals to execute projects from inception to handover, and has completed a wide spectrum of development and refurbishment projects. Ms. Chung is a member of the Hong Kong Institute of Architects and an Authorized Person (under the Buildings Ordinance). She holds a Master's Degree of Science in Real Estate Development and has attained the APMP qualification of the Association for Project Management.

Mr. FAN Chi Sun, James, aged 51, is the Director of Development, joined the Group in 2022. Mr. Fan is responsible for the Group's property acquisition and development in Hong Kong. He has worked in the real estate industry for over 29 years and is a member of The Royal Institution of Chartered Surveyors, The Hong Kong Institute of Surveyors, The Hong Kong Institute of Arbitrators and The China Institute of Real Estate Appraisers and Agents. He holds a Bachelor of Science Degree with Honours in Surveying and a PhD degree in Real Estate and Construction both from The University of Hong Kong. Before joining the Group, he was the Head of Business Development (Greater Bay Area) of Swire Properties Limited.

MAINLAND CHINA

Mr. LU Ning, Michael, aged 50, Managing Director of the Group's China and Trading Divisions, joined the Group in 2008. He holds dual Master's Degrees in Business Administration and Management Information Systems from Boston University, and a Bachelor's Degree from Tsinghua University in Beijing. Before joining the Group, Mr. Lu worked at premier global business consulting firms with extensive experience in North America, Europe and Asia, emerging markets such as Mainland China and India, and a wide range of industries including consumer goods, food & beverage, hi-tech and telecommunications.

Mr. AU Ngai Ho, aged 65, is the General Manager of Great Eagle (China) Investment Limited. He is responsible for the Group's real estate investment in the Mainland China. Mr. Au joined the Group in 1977 and has about 40 years' experience in property development and marketing in Hong Kong and Mainland China. Mr. Au holds a Higher Diploma in Valuation and Property Management.

OTHER OPERATIONS

Mr. CHU Chik Kei, Timothy, aged 51, Director and General Manager of Keysen Property Management Services Limited, joined the Group in 2011. Mr. Chu is responsible for the management and technical services of the Group's property portfolio. He holds a Master's Degree of Science in Building Services Engineering and a Bachelor's Degree of Engineering (Honors) in Building Services Engineering. Mr. Chu is a corporate member of The Hong Kong Institution of Engineers and the Chartered Institution of Building Services Engineers. He is also a Registered Professional Engineer in energy and building services disciplines of the Hong Kong Engineers Registration Board, a Chartered Engineer of the U.K. Engineering Council, a Registered Energy Assessor under the Buildings Energy Efficiency Ordinance, and a fellow member of both the Energy Institute and Building Services Operation and Maintenance Executives Society. Mr. Chu is a property management practitioner (Tier 1) registered under the Property Management Services Authority. Mr. Chu has over 28 years' experience in property management and engineering industries.

Dr. James ZHANG, aged 58, is the Chief Investment Officer, Technologies and Venture Capital. He joined the Group in 2021. Dr. Zhang is also Adjunct Professor of Finance at Hong Kong University of Science and Technology (HKUST) Business School, where he teaches venture capital and entrepreneurship. Dr. Zhang was a partner of the GRC Fund, founding partner of Formation 8, venture partner of Softbank China, and EIR at Khosla Ventures. Before becoming a venture capitalist, Dr. Zhang was an entrepreneur in Silicon Valley and co-founder of several startup companies. Dr. Zhang received his PhD in Genetics from the University of California and has completed post-doctoral and business trainings from Stanford University and Stanford Graduate School of Business, respectively.

COMPLIANCE AND ADMINISTRATION

Ms. WONG Mei Ling, Marina, aged 57, the Group Company Secretary and Head of Administration, joined the Group in 2008. Ms. Wong is the Company Secretary of LHIL Manager Limited (Trustee-Manager of the publicly listed Langham Hospitality Investments) and Langham Hospitality Investments Limited. She is also a Non-executive Director and the officer in charge of the corporate secretary of Eagle Asset Management (CP) Limited (Manager of the publicly listed Champion Real Estate Investment Trust) principally responsible for the governance, compliance and corporate secretarial matters. Prior to joining the Company, she was a senior management of a red chip listed company in Hong Kong and served as the Company Secretary and a member of the Investment Appraisal Committee. With over 30 years of solid working experience, her expertise lies in the development of governance and compliance policies and corporate secretarial and administration. Ms. Wong is a Fellow both of The Chartered Governance Institute UK & Ireland and The Hong Kong Chartered Governance Institute. She holds a Master Degree in Laws, a Master Degree in Business Administration and a Bachelor Degree in Accountancy.

HUMAN RESOURCES

Ms. LAW Yuk Ling, Elaine, aged 55, joined the Group in 2022 as the Head of Human Resources. Her primary focus is on developing a talent development strategy to support the Group's ongoing business growth. With extensive experience and expertise in the strategic human resources management, Ms. Law excels in implementing organizational changes that align with market demands, designing talent development programs, and attracting personnel who contribute to the success of the organization. Prior to joining the Group, Ms. Law held senior global and regional human resources roles for over two decades in reputable multinational companies, including a FTSE 100 company. Her diverse background has equipped her with a deep understanding of the intricacies of HR operations in various business setting. Ms. Law holds Bachelor's and Master's degrees in Business Management.

INTERNAL AUDIT

Mr. HO Hon Ching, Barry, aged 61, Group Chief Internal Auditor, joined the Group in 2004. He holds a Bachelor's Degree in Economics from the University of Hull, United Kingdom, a Master's Degree in Business Administration from The University of Hong Kong and a Postgraduate Diploma in IT Forensics. He is an Associate of the Institute of Chartered Accountants in England and Wales, a Certified Public Accountant in Hong Kong, a Certified Internal Auditor, a Certified Fraud Examiner and a Certified Information Systems Auditor. In addition, Mr. Ho has also earned the Certification in Risk Management Assurance (CRMA) from the Institute of Internal Auditors (IIA), and the qualification of Certified in Risk and Information Systems Control (CRISC) from the Information Systems Audit and Control Association (ISACA). Mr. Ho is also the Chairman of the Advisory Board for Master of Arts in China and Regional Studies of the Lingnan University, Hong Kong. He has extensive experience in accounting, statutory auditing, IT auditing, internal auditing, risk management and corporate governance.

LEGAL

Mr. HUNG Ka Wai, aged 59, the Head of Legal of the Group, joined the Group in 2011. Mr. Hung holds a Bachelor of Laws degree, a Postgraduate Certificate in Laws and a Master of Laws degree. Besides, he is also a graduate of the Law School of the University of New South Wales with a Master Degree in the Australian law. He is also a holder of the Master Degree in Laws specializing in compliance work from the Faculty of Law of the University of Hong Kong, the Master of Science Degree in real estate from the University College of Estate Management in Reading, United Kingdom, the advanced diploma in data protection law from King's Inns of Ireland and the diploma in arbitration awarded by the Royal Institution of Chartered Surveyors. He was admitted as a Solicitor in Hong Kong in 1996 with more than 27 years of experience in corporate finance and compliance work in listed companies. He is a member of the Land Use, Planning & Environmental Law Committee of the Law Society of Hong Kong. He is a Certified NEC Professional as included in the NEC register of Chartered Institution of the Civil Engineering Surveyors. He is also a member of the Australian Property Institute, the Chartered Institute of Arbitrators in the United Kingdom, the Hong Kong Institute of Construction Adjudicators, Chartered Accountants Australia and New Zealand and the Hong Kong Institute of Certified Public Accountants. He is also a fellow member of Institute of Chartered Accountants in England and Wales and a holder of its corporate finance qualification.



REPORT OF THE DIRECTORS

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries are property development and investment, operations of hotel, restaurant and flexible workspace, asset management, project management, trading of building materials, securities investment, provision of property management, maintenance and property agency services and property leasing.

The Group's operations are mainly located in Hong Kong, the United States, Canada, the United Kingdom, Australia, New Zealand, the Mainland China, Japan, Italy and others. An analysis of the Group's segment results for the year ended 31 December 2023 is set out in note 6 to the consolidated financial statements of this Annual Report.

Particulars of the Company's principal subsidiaries, interests in joint ventures and interests in associates as at 31 December 2023 are set out in notes 43, 16 and 17 respectively to the consolidated financial statements of this Annual Report.

BUSINESS REVIEW

A fair review on the Group's business performance and the material factors underlying its financial position during the reporting period, as well as the development and likely future prospects of the Group's business are provided throughout this Annual Report and in particular under the following separate sections:

- (a) Review of the Company's business and financial position using financial key performance indicators; and development and future prospects of the Company's business and important events affecting the Company that have occurred since the end of the year ended 31 December 2023 – Chairman's Statement comprising "Overview", "Business Review", "Financial Review" and "Outlook" on pages 16 to 37 of this Annual Report; and
- (b) The principal risks and uncertainties facing the Group – "Risk Profile" set out in the following section of this report.

Discussion on the Company's environmental policies and performance and an account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depends are provided in the section headed "Sustainability" in this Annual Report and detailed information on the Group's sustainability performance is provided in the Company's Sustainability Report 2023.

The discussions referred to above form part of this Directors' Report.

The Group is committed to the preservation of its reputation and integrity through compliance with applicable laws, rules and regulations (the “Laws”). Control procedures are in place to ensure compliance with the Laws which have a significant impact on the Group in conduct of its business including but not limited to the SFO, the Listing Rules, the Codes on Takeovers and Mergers and Share Buy-backs, Residential Properties (First-hand Sales) Ordinance and those related to personal data privacy, copyrights and intellectual property, anti-money laundering, occupational safety and health, environmental protection, hotel operations, property sales and development, leasing and asset management in all jurisdictions in which the Group operates. The Group will not be obliged to do anything or omit to do anything if by doing so it would or might cause the Group to breach any Laws. The Company has also adopted its own Code of Conduct for Securities Transactions on terms no less exacting than the required standard set out in the Model Code, and it is updated from time to time in accordance with the Listing Rules requirements.

RISK PROFILE

The Group’s businesses, financial conditions, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group’s businesses. The risk factors set out below are those that could result in the Group’s businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future. A risk management framework was implemented which provides a structured basis where all key risks are identified, analysed, evaluated, treated, monitored and reported in a consistent manner to support the Group’s development and achievement of overall strategy and business objectives.

Business Operations

Risk Description and Possible Impacts	Mitigation Measures
<p>Post-pandemic Recovery</p> <ul style="list-style-type: none"> Economy is still undergoing the post-effects brought by the global pandemic and far from the glory of the pre-pandemic economic level although the COVID-related restrictions have been removed. External environment at large remains unfavourable and has yet fully recovered from the prolonged global economic crisis or recession, which disrupts the Group’s business operations. A slower-than-expected retail and tourism recovery was recorded in year 2023. The post-pandemic effects are expected to be continuously impact the domestic and global economy and disrupt the Group’s business operations in short term. 	<ul style="list-style-type: none"> Proactively repositioned the hospitality service operating modes in order to attract and retain guests to stay in the hotels, stabilise the hotels’ occupancy and average room rate and to cope with any challenges. Adopt enhanced precautionary measures in stepping up the hygiene standard at the workplace by updating business continuity and disaster recovery plan and accelerating the utilisation of video conferencing.
<p>Risks pertaining to Property Development</p> <ul style="list-style-type: none"> Exposing to the economic, political and legal developments, social stability, market conditions, environmental issues, outbreak of epidemic diseases as well as changes in government’s policies and regulations in locations where the Group operates. Delays in the completion of a project and fluctuation in construction cost may result in cost overruns which will affect the Group’s investment strategy and business model as well as the performance in property development. 	<ul style="list-style-type: none"> Actively assess the overall economic, political, social and legal developments, the latest development of epidemic diseases as well as the property markets in the regions where the Group operates. Quarterly assessment on investment strategy to ensure the Group responds to market changes appropriately. Detailed feasibility studies and stress test for each potential project with regard to all aspects will be carried out before an acquisition to minimise the commercial and legal risks.

Risk Description and Possible Impacts	Mitigation Measures
<p>Risks pertaining to Hotel Operations</p> <ul style="list-style-type: none"> Hotel's occupancy rate and room rate are subject to a high degree of fluctuations due to both predictable and unpredictable factors including seasonality, social stability, political, natural hazards, epidemic diseases and economic conditions as well as the nature of hotel business. Increased competition and cyclical over-supply of luxury hotels in some markets could harm our business. 	<ul style="list-style-type: none"> Regularly assess the impact of the geopolitical outlook and economic development of different countries and keep alert to market needs and competitors' responses. Closely monitor hotels' performance and booking pace, and promptly review and develop different marketing strategies in response to sudden events or unexpected situations. Continue to improve hotel services and facilities to ensure the provision of unforgettable experience for our customers.
<p>Risks pertaining to Investment Properties</p> <ul style="list-style-type: none"> Exposing to the general economic climate, regulatory changes, government policies, political and social conditions and outbreak of epidemic diseases in Hong Kong may have significant impact on the Group's overall financial results and positions. Fluctuations in fair value of investment properties could have an adverse impact on the ability to comply with the financial covenants under the loan facility as well as any external borrowings that may incur in the future, and may also lead to an adverse market perception of the performance of our business, even though such losses are not realised. 	<ul style="list-style-type: none"> Regularly assess changes in economic, political and social environment and the latest development of epidemic diseases and keep alert to market needs and competitors' reaction in order to maintain competitiveness. Continuously upkeeping the quality of assets and maintaining sufficient diversity in tenant-mix to help growing revenue and resisting sluggish economy. Closely monitor debt and cash position. Cash flow forecasts with sensitivity analysis will be prepared to ensure that all sources of liquidity risk are identified to evaluate the impact of different levels of business activity in relation to the existing loan facilities.
<p>Investment Risks</p> <ul style="list-style-type: none"> Market value of the non-core strategic investments of the Group in green technology, venture capital and fund management, biotechnology and consumer sector may be affected by corporate performance of the issuing institutions, economic factors or changes in government policies and regulations in relevant sectors which might impact the portfolio companies' operation and the Company's investment strategies. Macroeconomic and political uncertainties such as trade tension may have adverse impact on the Group's non-core strategic investments. 	<ul style="list-style-type: none"> Post-deal monitoring and communication with portfolio companies. Work closely with portfolio companies to understand the potential risks, follow up on the most updated policies and news, and evaluate potential effects. Carefully evaluate new companies that we might potentially invest in. Co-invest with well-known venture capitals and corporate investors to reduce portfolio company specific risks and increase the likelihood of finding and funding successful ventures.
<p>Operational Risks</p> <ul style="list-style-type: none"> Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems, and inadequate responses to negative events may have adverse impact on the Group's reputation. 	<ul style="list-style-type: none"> Continuously monitor and analyse competitive and market information in order to anticipate unfavourable changes. Focus on brand and communication initiatives to drive revenue growth and strengthen our brands' market position and reinvest into our properties to ensure competitiveness. A business interruption insurance has been acquired to cover the loss of income that a business suffers after a disaster.

Overall Business Environment

Risk Description and Possible Impacts	Mitigation Measures
<p>Financial Risks</p> <ul style="list-style-type: none"> Risks associated with major financial instruments of the Group relates but not limited to interest rate and exchange rate fluctuation and insufficient liquidity which may increase the finance cost and cause financial loss to the Group. 	<ul style="list-style-type: none"> Details of the major financial instruments used by the Group and the mitigation measures are set out in note 41 to the consolidated financial statements of this Annual Report.
<p>Macroeconomic and Political Uncertainties</p> <ul style="list-style-type: none"> Our business is impacted by continued trade tensions and political uncertainties both domestically and abroad which could result in economic downturns such as financial instability, supply chain disruption and energy security, which would negatively affect the revenue and operations of the Group. 	<ul style="list-style-type: none"> Closely monitor market situation and adopt appropriate strategies promptly. Regularly assess changes in economic environment and prepare for countermeasures.
<p>Cyber-security Risks</p> <ul style="list-style-type: none"> The Group process significant amount of data including personal information, customer data and other sensitive commercial data which are susceptible to cyber threats. Loss of data and leaks of confidential information from cyber-attacks will cause reputational damage from losses to the brand value and substantial economic losses due to business interruption. 	<ul style="list-style-type: none"> The Group's IT infrastructure vulnerabilities are regularly scanned and patched. Risky external IP addresses are blocked. All servers and user computers are equipped with firewall, antivirus or endpoint protection. Emails are filtered for spam and malware. Password control and user access to the systems and network elements are regularly updated and reviewed. System backup and disaster recovery facilities provide additional layers of protections. Staff trainings are conducted annually to enhance cybersecurity knowledge. A cyber insurance has been acquired which would offset costs involved with recovery after a cyber-related security breach or similar event.

Environmental, Social and Governance

Risk Description and Possible Impacts	Mitigation Measures
<p>Human Resources Risks</p> <ul style="list-style-type: none"> • Strong competition for talented staff, tight labour markets, and the added demands from new projects posted challenges to the Group. • Sudden loss of key qualified professionals could affect our ability to deliver on our projects and might have a material adverse effect on our business if suitable replacements are not found in a timely manner. 	<ul style="list-style-type: none"> • Efforts are placed to attract and retain talent in the Group and to enhance our employee’s mental well-being and a strong sense of care and belonging in the Company. • Constant review on the human resources practices and contingency plans of human resources are in place to help reducing uncertainty and facilitating the Group’s development.
<p>Legal and Regulatory Compliance Risks</p> <ul style="list-style-type: none"> • Failure to cope with the relevant requirements, or obtain additional and keep current permits and licenses on a timely basis in the event of business expansion, or breach of the relevant laws and regulations related to our business operations including environmental protection, occupational health and safety, anti-corruption, anti-money laundering and economic sanctions may lead to non-compliance with relevant laws and regulations, financial loss and reputational damage to the Group. 	<ul style="list-style-type: none"> • Actively assess the effect of relevant developments and engage closely with regulatory authorities and external advisors on new laws and regulations, and also trending legislation. • Internal policies are updated regularly to uphold high standard of corporate governance and to comply with applicable laws and regulations.
<p>Environmental and Climate-related Risks</p> <ul style="list-style-type: none"> • Climate-related change may result in the extreme weather events which could adversely impact the Group’s business operations, supply chains and property values. 	<ul style="list-style-type: none"> • Expanded our climate-related risk assessment and launched a physical climate risk analysis process for our major assets to evaluate our climate-related risks and opportunities. • Strengthened our decarbonisation efforts and actively engage our stakeholders to reduce emissions and waste through a range of sustainability initiatives and awareness programmes. • Continue to implement energy reduction strategies focusing on retrofitting, retro-commissioning and optimisation through technology.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated income statement of this Annual Report.

The Board has recommended the payment of a final dividend in the form of cash in the amount of HK50 cents per share to the Shareholders whose names appear on the Registers of Members of the Company on Tuesday, 11 June 2024. Subject to the approval of the Shareholders at the forthcoming annual general meeting, the payment of the final dividend will be made on 20 June 2024. Taken together with the interim dividend of HK37 cents per share paid in October 2023, the total dividend for the year 2023 is HK87 cents per share.

MOVEMENTS IN RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 46 to the consolidated financial statements of this Annual Report.

FIVE YEARS' FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in Appendix II to this Annual Report.

INVESTMENT PROPERTIES

Movements in the investment properties of the Group during the year are set out in note 14 to the consolidated financial statements of this Annual Report. All of the Group's investment properties were revalued by independent professional property valuers as at 31 December 2023 by using income capitalisation approach and direct comparison method.

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements of this Annual Report.

Details of the major properties of the Group as at 31 December 2023 are set out in Appendix I to this Annual Report.

ISSUE OF NEW SHARES

During the year, no new share was issued by the Company. As at 31 December 2023, the authorised capital of the Company was HK\$600,000,000 divided into 1,200,000,000 shares of HK\$0.50 each, 747,723,345 shares of which were issued and credited as fully paid. Details of the movements of the share options during the year are disclosed hereinbelow. Changes in the share capital of the Company during the year are set out in note 32 to the consolidated financial statements of this Annual Report.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES

As at 31 December 2023, the Group employed 6,262 employees. Details of emolument policy and long-term incentive schemes of the Group are set out in the "Corporate Governance Report" on pages 61 and 72 to 73 of this Annual Report.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

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*)
 Mr. CHU Shik Pui
 Professor POON Ka Yeung, Larry

Non-executive Directors

Madam LO TO Lee Kwan
 Mr. LO Hong Sui, Vincent
 Dr. LO Ying Sui

Independent Non-executive Directors

Professor WONG Yue Chim, Richard
 Mrs. LEE Pui Ling, Angelina
 Mr. ZHU Qi
 Mr. HO Shut Kan
 Ms. Diana Ferreira CESAR (*appointed on 4 April 2023*)

In accordance with Bye-law 109(A), Madam Law Wai Duen, Dr. Lo Ying Sui, Mr. Lo Chun Him, Alexander, Professor Wong Yue Chim, Richard ("Professor Wong") and Professor Poon Ka Yeung, Larry shall retire by rotation and, being eligible, have offered themselves for re-election at the 2024 Annual General Meeting of the Company.

Professor Wong, an Independent Non-executive Director, has served the Board for more than nine years. As a leading figure in advancing economic research on policy issues in Hong Kong, Professor Wong can provide valuable insights into economic trends, market conditions, potential risks or opportunities, and offer a deep understanding of macroeconomic factors that may impact the Company's operations. Taking into account his background and expertise, independence and time involvement in the Company, the Nomination Committee of the Company was fully satisfied that Professor Wong demonstrates complete independence in character and judgement both in his designated roles as members of the Board and Board Committees and was of the opinion that he will continue to bring independent views of the Company's affairs to the Board notwithstanding his length of tenure. There is no evidence showing that Independent Non-executive Directors who have served on a board for nine years or more would lose their independence nor be at an increased risk of complacency given their familiarity with management. Based on the recommendation of Nomination Committee of the Company, the Board considered that Professor Wong's in-depth knowledge of the Group's business and his extensive experience and expertise continue to provide invaluable contribution to the Board, and the length of tenure of Professor Wong had not affected his independence having regard to his actual contributions, his impartiality and effective oversight of management, and recommends that he should be re-elected at the 2024 Annual General Meeting of the Company.

The independence of Independent Non-executive Directors has been assessed by the Nomination Committee of the Company. The Company has also received from each Independent Non-executive Director an annual confirmation of his/her independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. The Board considers all the Independent Non-executive Directors of the Company to be independent.

There is no change in the information of the Directors, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the Company's last Interim Report.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

The biographical details of the Directors and the senior management of the Company are set out on pages 74 to 82 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the employer within one year without payment of compensation (other than statutory compensations).

DIRECTORS' EMOLUMENTS

Details of Directors' emoluments are set out in note 11 to the consolidated financial statements of this Annual Report.

PERMITTED INDEMNITY

The Bye-laws provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

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

As at 31 December 2023, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, are as follows:

Long positions in shares and underlying shares of the Company

Name of Directors	Capacity	Nature of Interests	Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital ⁽¹²⁾	Total
Lo Ka Shui	Beneficial Owner	Personal Interests	64,912,835 ⁽¹⁾	8.68)	64.38
	Interests of Controlled Corporations	Corporate Interests	95,948,364 ⁽²⁾	12.83)	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	
	Founder of a Discretionary Trust	Trust Interests	65,866,676	8.81)	
Lo To Lee Kwan	Beneficial Owner	Personal Interests	1,341,561	0.18)	34.97
	Interests of Controlled Corporations	Corporate Interests	5,442,810 ⁽⁴⁾	0.73)	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	
Wong Yue Chim, Richard	Beneficial Owner	Personal Interests	10,198	0.00	0.00

Name of Directors	Capacity	Nature of Interests	Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital ⁽¹²⁾	Total
Lo Hong Sui, Antony	Beneficial Owner	Personal Interests	1,303,973 ⁽⁵⁾	0.17)	34.23
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	
Law Wai Duen	Beneficial Owner	Personal Interests	2,400,858 ⁽⁶⁾	0.32)	34.38
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	
Lo Hong Sui, Vincent	Beneficial Owner	Personal Interests	293	0.00)	34.06
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	
Lo Ying Sui	Beneficial Owner	Personal Interests	1,540,000	0.21)	39.50
	Interests of Controlled Corporations	Corporate Interests	39,180,903 ⁽⁷⁾	5.24)	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	
Lo Chun Him, Alexander	Beneficial Owner	Personal Interests	1,163,488 ⁽⁸⁾	0.16	0.16
Kan Tak Kwong	Beneficial Owner	Personal Interests	4,740,193 ⁽⁹⁾	0.63	0.63
Chu Shik Pui	Beneficial Owner	Personal Interests	2,079,554 ⁽¹⁰⁾	0.28	0.28
Poon Ka Yeung, Larry	Beneficial Owner	Personal Interests	100,000 ⁽¹¹⁾	0.01	0.01

Notes:

- (1) Among these interests, 3,390,000 were share options.
- (2) These interests were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies.
- (3) These 254,664,393 shares were owned by a discretionary trust of which Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui are among the discretionary beneficiaries.
- (4) These 5,442,810 shares were held by two companies wholly-owned by Madam Lo To Lee Kwan who is also a director of these companies. Dr. Lo Ka Shui is a director of one of these companies.
- (5) Among these interests, 390,000 were share options.
- (6) Among these interests, 390,000 were share options.
- (7) These 39,180,903 shares were held by a company wholly-owned by Dr. Lo Ying Sui who is also a director of such company.
- (8) Among these interests, 1,035,000 were share options.
- (9) Among these interests, 2,050,000 were share options.
- (10) Among these interests, 1,787,000 were share options.
- (11) These 100,000 interests were share options.
- (12) This percentage has been compiled based on 747,723,345 shares of the Company in issue as at 31 December 2023.

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

Champion Real Estate Investment Trust ("Champion REIT")

Champion REIT (Stock Code: 2778), a Hong Kong collective investment scheme authorised under Section 104 of the SFO, is accounted for as a subsidiary of the Company. As at 31 December 2023, the Group owned 69.23% interests in Champion REIT. While the definition of "associated corporation" under the SFO caters only to corporations, for the purpose of enhancing the transparency, the interests of the Directors or chief executives of the Company in Champion REIT as at 31 December 2023 are disclosed as follows:

Name of Directors	Total Number of Units/ Underlying Units Held	Percentage of Issued Units ⁽⁴⁾
Lo Ka Shui	15,861,617 ⁽¹⁾	0.26
Lo Ying Sui	239,000 ⁽²⁾	0.00
Chu Shik Pui	8,000 ⁽³⁾	0.00

Notes:

- (1) Among these 15,861,617 units:
- (i) 3,592,007 units were held by Dr. Lo Ka Shui personally;
 - (ii) 3,258,610 units were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies; and
 - (iii) 9,011,000 units were held by a charitable trust of which Dr. Lo Ka Shui is the settlor and a member of the Advisory Committee and Management Committee.
- (2) Dr. Lo Ying Sui had personal interests in 239,000 units of Champion REIT.
- (3) Mr. Chu Shik Pui had personal interests in 8,000 units of Champion REIT.
- (4) This percentage has been compiled based on 6,013,734,531 units of Champion REIT in issue as at 31 December 2023.

Langham Hospitality Investments and Langham Hospitality Investments Limited ("LHI")

LHI (Stock Code: 1270), the share stapled units (the "SSUs") of which are listed on the Stock Exchange. As at 31 December 2023, the Group owned 70.23% interests in LHI and is therefore a subsidiary of the Company. The holdings of the Directors or chief executives of the Company in LHI as at 31 December 2023 are disclosed as follows:

Name of Directors	Total Number of SSUs/ Underlying SSUs Held	Percentage of Issued SSUs ⁽⁶⁾
Lo Ka Shui	124,684,250 ⁽¹⁾	3.76
Lo To Lee Kwan	306,177 ⁽²⁾	0.01
Wong Yue Chim, Richard	257,610 ⁽³⁾	0.01
Law Wai Duen	3,888,421 ⁽⁴⁾	0.12
Lo Ying Sui	932,194 ⁽⁵⁾	0.03

Notes:

- (1) Among these 124,684,250 SSUs:
- (i) 31,584,000 SSUs were held by Dr. Lo Ka Shui personally;
 - (ii) 3,090,000 SSUs were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies; and
 - (iii) 90,010,250 SSUs were held by a charitable trust of which Dr. Lo Ka Shui is the settlor and a member of the Advisory Committee and Management Committee.
- (2) These SSUs were held by two companies wholly-owned by Madam Lo To Lee Kwan who is also a director of these companies. Dr. Lo Ka Shui is a director of one of these companies.
- (3) Professor Wong Yue Chim, Richard had personal interests in 257,610 SSUs of LHI.
- (4) Madam Law Wai Duen had personal interests in 3,888,421 SSUs of LHI.
- (5) Dr. Lo Ying Sui had personal interests in 932,194 SSUs of LHI.
- (6) This percentage has been compiled based on 3,318,869,006 SSUs of LHI in issue as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, none of the Directors or chief executives of the Company were taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The interests of Directors (other than Independent Non-executive Directors) in a business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business as informed by the relevant Directors pursuant to Rule 8.10(2) of the Listing Rules are as follows:

Mr. Lo Hong Sui, Vincent is the founder and Chairman of the Shui On Group which was established in 1971. He also holds key positions in the following subsidiaries of Shui On Group:

- Chairman of Shui On Land Limited ("SOL"), the Shui On Group's flagship property development company in the Chinese Mainland. SOL through its subsidiaries and associates engages in the development, sales, leasing, management and long-term ownership of high-quality commercial and residential mixed-use properties.
- Chairman of SOCAM Development Limited ("SOCAM"). SOCAM through its subsidiaries, principally engages in property and construction businesses, and has business operations in the Mainland China, Hong Kong and Macau.

As the Board of Directors of the Company is independent of the Board of Directors of SOL and SOCAM, the Group has therefore been capable of carrying on its businesses independently of, and at arm's length from, the above businesses.

CONNECTED TRANSACTIONS

Connected transactions of the Company during the year are set out in note 39 to the consolidated financial statements of this Annual Report.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 39 to the consolidated financial statements of this Annual Report, there was no transaction, arrangement or contract of significance subsisting during or at the end of the year in which a Director of the Company or an entity connected with a Director of the Company is or was materially interested, either directly or indirectly.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into by the Company are disclosed under the section headed "Share Option Schemes" below.

SHARE OPTION SCHEMES

In accordance with the 2019 Share Option Scheme, which was adopted pursuant to an ordinary resolution passed on 22 May 2019, the Board may grant options to eligible employees, including Executive Directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Upon the adoption of the 2019 Share Option Scheme on 22 May 2019, the 2009 Share Option Scheme was terminated. Options granted during the life of the 2009 Share Option Scheme and remain unexpired prior to the termination of the 2009 Share Option Scheme continue to be exercisable in accordance with their terms of issue after the termination of the 2009 Share Option Scheme.

Further details of the 2009 Share Option Scheme and the 2019 Share Option Scheme are set out in note 36 to the consolidated financial statements of this Annual Report.

Movements of the Share Options Granted to Employees (including Directors and their Associates)

Details of the movements in the share options granted to the Group's employees (including Directors and their Associates) under the 2009 Share Option Scheme and 2019 Share Option Scheme during the year ended 31 December 2023 are as follows:

Date of Grant	Number of Share Options					Exercisable Period	Exercise Price per Share (HK\$)
	Outstanding as at 01/01/2023	Granted during the Year	Exercised during the Year	Lapsed during the Year	Outstanding as at 31/12/2023		
14/03/2018 ⁽¹⁾	3,349,000	–	–	(3,349,000)	–	15/03/2020–14/03/2023	42.40
14/03/2019 ⁽¹⁾	3,774,000	–	–	(57,000)	3,717,000	15/03/2021–14/03/2024	39.05
18/03/2020 ⁽²⁾	4,036,000	–	–	(82,000)	3,954,000	19/03/2022–18/03/2025	21.65
18/03/2021 ⁽²⁾	3,777,000	–	–	(88,000)	3,689,000	19/03/2023–18/03/2026	28.45
18/03/2022 ⁽²⁾	4,510,000	–	–	(132,000)	4,378,000	19/03/2024–18/03/2027	19.06
20/03/2023 ⁽²⁾	–	5,620,000 ⁽³⁾	–	(387,000)	5,233,000	21/03/2025–20/03/2028	16.52
Total	19,446,000	5,620,000	–	(4,095,000)	20,971,000		

Notes:

- (1) Share options were granted under the 2009 Share Option Scheme.
- (2) Share options were granted under the 2019 Share Option Scheme.
- (3) During the year ended 31 December 2023, 1,934,000 share options were granted to the Directors of the Company and their Associates, while 3,686,000 share options were granted to eligible employees of the Group. Please refer to the announcement of the Company dated 20 March 2023 for details.
- (4) During the year ended 31 December 2023, no share option was cancelled.
- (5) Consideration paid for acceptance of each grant of share options was HK\$1.00.
- (6) The vesting period for the share options granted is 24 months after the date of grant.
- (7) The closing price of the shares of the Company immediately before the date of grant of 20 March 2023, i.e. 17 March 2023 was HK\$16.50.

Details of Share Options Granted

During the year ended 31 December 2023, the details of the movements in the share options granted to the Group's employees (including Directors (some are also substantial Shareholders) and their Associates) under the 2009 Share Option Scheme and 2019 Share Option Scheme as required to be disclosed according to Rule 17.07 of the Listing Rules are as follows:

Directors	Date of Grant	Number of Share Options				Outstanding as at 31/12/2023	Exercise Price per Share (HK\$)	Weighted Average Closing Price Immediately Before the Date of Exercise (HK\$)
		Outstanding as at 01/01/2023	Granted during the Year	Exercised during the Year	Lapsed during the Year			
Lo Ka Shui	14/03/2018 ⁽¹⁾	688,000	-	-	(688,000)	-	42.40	-
	14/03/2019 ⁽¹⁾	698,000	-	-	-	698,000	39.05	-
	18/03/2020 ⁽²⁾	680,000	-	-	-	680,000	21.65	-
	18/03/2021 ⁽²⁾	612,000	-	-	-	612,000	28.45	-
	18/03/2022 ⁽²⁾	700,000	-	-	-	700,000	19.06	-
	20/03/2023 ⁽²⁾	-	700,000	-	-	700,000	16.52	-
		3,378,000	700,000	-	(688,000)	3,390,000		
Lo Hong Sui, Antony	14/03/2018 ⁽¹⁾	100,000	-	-	(100,000)	-	42.40	-
	14/03/2019 ⁽¹⁾	100,000	-	-	-	100,000	39.05	-
	18/03/2020 ⁽²⁾	100,000	-	-	-	100,000	21.65	-
	18/03/2021 ⁽²⁾	90,000	-	-	-	90,000	28.45	-
	18/03/2022 ⁽²⁾	50,000	-	-	-	50,000	19.06	-
	20/03/2023 ⁽²⁾	-	50,000	-	-	50,000	16.52	-
		440,000	50,000	-	(100,000)	390,000		
Law Wai Duen	14/03/2018 ⁽¹⁾	100,000	-	-	(100,000)	-	42.40	-
	14/03/2019 ⁽¹⁾	100,000	-	-	-	100,000	39.05	-
	18/03/2020 ⁽²⁾	100,000	-	-	-	100,000	21.65	-
	18/03/2021 ⁽²⁾	90,000	-	-	-	90,000	28.45	-
	18/03/2022 ⁽²⁾	50,000	-	-	-	50,000	19.06	-
	20/03/2023 ⁽²⁾	-	50,000	-	-	50,000	16.52	-
		440,000	50,000	-	(100,000)	390,000		

Directors	Date of Grant	Number of Share Options					Exercise Price per Share (HK\$)	Weighted Average Closing Price Immediately Before the Date of Exercise (HK\$)
		Outstanding as at 01/01/2023	Granted during the Year	Exercised during the Year	Lapsed during the Year	Outstanding as at 31/12/2023		
Lo Chun Him, Alexander	14/03/2018 ⁽¹⁾	220,000	-	-	(220,000)	-	42.40	-
	14/03/2019 ⁽¹⁾	238,000	-	-	-	238,000	39.05	-
	18/03/2020 ⁽²⁾	230,000	-	-	-	230,000	21.65	-
	18/03/2021 ⁽²⁾	207,000	-	-	-	207,000	28.45	-
	18/03/2022 ⁽²⁾	180,000	-	-	-	180,000	19.06	-
	20/03/2023 ⁽²⁾	-	180,000	-	-	180,000	16.52	-
		1,075,000	180,000	-	(220,000)	1,035,000		
Kan Tak Kwong	14/03/2018 ⁽¹⁾	430,000	-	-	(430,000)	-	42.40	-
	14/03/2019 ⁽¹⁾	450,000	-	-	-	450,000	39.05	-
	18/03/2020 ⁽²⁾	400,000	-	-	-	400,000	21.65	-
	18/03/2021 ⁽²⁾	360,000	-	-	-	360,000	28.45	-
	18/03/2022 ⁽²⁾	420,000	-	-	-	420,000	19.06	-
	20/03/2023 ⁽²⁾	-	420,000	-	-	420,000	16.52	-
		2,060,000	420,000	-	(430,000)	2,050,000		
Chu Shik Pui	14/03/2018 ⁽¹⁾	350,000	-	-	(350,000)	-	42.40	-
	14/03/2019 ⁽¹⁾	380,000	-	-	-	380,000	39.05	-
	18/03/2020 ⁽²⁾	330,000	-	-	-	330,000	21.65	-
	18/03/2021 ⁽²⁾	297,000	-	-	-	297,000	28.45	-
	18/03/2022 ⁽²⁾	380,000	-	-	-	380,000	19.06	-
	20/03/2023 ⁽²⁾	-	400,000	-	-	400,000	16.52	-
		1,737,000	400,000	-	(350,000)	1,787,000		
Poon Ka Yeung, Larry	20/03/2023 ⁽²⁾	-	100,000	-	-	100,000	16.52	-
Associates of Directors of the Company ⁽⁷⁾	14/03/2018 ⁽¹⁾	40,000	-	-	(40,000)	-	42.40	-
	14/03/2019 ⁽¹⁾	60,000	-	-	-	60,000	39.05	-
	18/03/2020 ⁽²⁾	40,000	-	-	-	40,000	21.65	-
	18/03/2021 ⁽²⁾	36,000	-	-	-	36,000	28.45	-
	18/03/2022 ⁽²⁾	36,000	-	-	-	36,000	19.06	-
	20/03/2023 ⁽²⁾	-	34,000	-	-	34,000	16.52	-
		212,000	34,000	-	(40,000)	206,000		
Eligible Employees (other than Directors of the Company and their Associates ⁽⁷⁾)	14/03/2018 ⁽¹⁾	1,421,000	-	-	(1,421,000)	-	42.40	-
	14/03/2019 ⁽¹⁾	1,748,000	-	-	(57,000)	1,691,000	39.05	-
	18/03/2020 ⁽²⁾	2,156,000	-	-	(82,000)	2,074,000	21.65	-
	18/03/2021 ⁽²⁾	2,085,000	-	-	(88,000)	1,997,000	28.45	-
	18/03/2022 ⁽²⁾	2,694,000	-	-	(132,000)	2,562,000	19.06	-
	20/03/2023 ⁽²⁾	-	3,686,000	-	(387,000)	3,299,000	16.52	-
		10,104,000	3,686,000	-	(2,167,000)	11,623,000		

Notes:

- (1) Share options were granted under the 2009 Share Option Scheme.
- Share options granted on 14/03/2018 are exercisable during the period from 15/03/2020 to 14/03/2023.
- Share options granted on 14/03/2019 are exercisable during the period from 15/03/2021 to 14/03/2024.
- (2) Share options were granted under the 2019 Share Option Scheme.
- Share options granted on 18/03/2020 are exercisable during the period from 19/03/2022 to 18/03/2025.
- Share options granted on 18/03/2021 are exercisable during the period from 19/03/2023 to 18/03/2026.
- Share options granted on 18/03/2022 are exercisable during the period from 19/03/2024 to 18/03/2027.
- Share options granted on 20/03/2023 are exercisable during the period from 21/03/2025 to 20/03/2028.
- (3) During the year ended 31 December 2023, no share option was cancelled.
- (4) Consideration paid for acceptance of each grant of share options was HK\$1.00.
- (5) The vesting period for the share options granted is 24 months after the date of grant.
- (6) The closing price of the shares of the Company immediately before the date of grant of 20 March 2023, i.e. 17 March 2023 was HK\$16.50.
- (7) Being share options held by Mr. Lo Chun Cheong and Mr. Lo Chun Lai, Andrew.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2023, the interests and short positions of persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO as having an interest in 5% or more of the issued share capital of the Company are as follows:

Long positions in shares of the Company

Name of Shareholders	Total Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital ⁽⁷⁾
HSBC International Trustee Limited	315,009,622 ⁽¹⁾	42.13
Powermax Agents Limited	246,937,926 ⁽²⁾	33.03
Mind Reader Limited	49,481,019 ⁽³⁾	6.62
Surewit Finance Limited	45,342,008 ⁽⁴⁾	6.06
Eagle Guardian Limited	41,763,361 ⁽⁵⁾	5.59
Adscan Holdings Limited	39,180,903 ⁽⁶⁾	5.24

Notes:

- (1) The number of shares disclosed was based on the latest Disclosure of Interest Form (with the date of relevant event as at 21 June 2021) received from HSBC International Trustee Limited ("HITL"). According to the latest disclosures made by the Directors of the Company, as at 31 December 2023:
 - (i) 254,664,393 shares representing 34.06% of the issued share capital of the Company were held in the name of HITL as a trustee of a discretionary trust, of which Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, are among the discretionary beneficiaries.
 - (ii) 65,866,676 shares representing 8.81% of the issued share capital of the Company were held in the name of HITL as a trustee of another discretionary trust, of which Dr. Lo Ka Shui is the founder.
- (2) Powermax Agents Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 246,937,926 shares held by it related to the same parcel of shares referred to in Note (1)(i) above.
- (3) Mind Reader Limited is a company wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of this company.
- (4) Surewit Finance Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 45,342,008 shares held by it were among the shares referred to in Note (1)(ii) above. Dr. Lo Ka Shui is a director of this company.
- (5) Eagle Guardian Limited is a company wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of this company.
- (6) Adscan Holdings Limited is a company wholly-owned by Dr. Lo Ying Sui who is also a director of this company.
- (7) This percentage has been compiled based on 747,723,345 shares of the Company in issue as at 31 December 2023.

Save as disclosed above, as at 31 December 2023, no person (other than the Directors or chief executives of the Company whose interests in shares, underlying shares and debentures of the Company are set out on pages 91 to 94) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the sales and purchases attributable to the Group's five largest customers and suppliers were less than 30% of the Group's total sales and purchases respectively. Further details regarding trade debtors and prepayments are set out in note 24 to the consolidated financial statements of this Annual Report.

DONATIONS

The Group's charitable and other donations during the year amounted to HK\$1,092,000 (2022: HK\$234,000). During the year, the Group has committed to sponsor two undergraduate scholarship programmes totaling HK\$2,000,000 with The Hong Kong University of Science and Technology and City University of Hong Kong in the fields of sustainable development, environment and energy. The Group also sponsored the Asia Carbon Institute, providing HK\$2,000,000 to support the development of a voluntary carbon market in Asia. Details of our sponsorships are set out in the Company's Sustainability Report 2023.

AUDITOR

The consolidated financial statements for the year ended 31 December 2023 have been audited by Messrs. Deloitte Touche Tohmatsu and a resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming annual general meeting to be held on Wednesday, 29 May 2024.

PUBLIC FLOAT

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

CORPORATE GOVERNANCE

The Company is committed to maintaining and developing a high standard of corporate governance practices. Throughout the year under review, the Company has complied with most of the code provisions, and where appropriate, adopted some of the recommended best practices as set out in the CG Code with the exception of a few deviations.

Details of the Company's corporate governance principles and practices are set out in the "Corporate Governance Report" on pages 44 to 73 of this Annual Report.

SUSTAINABILITY REPORT

The Sustainability Report 2023 of the Company (the "Sustainability Report") is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "Guide") under Appendix C2 of the Listing Rules and satisfies the mandatory disclosure requirements and "comply or explain" provisions. The Sustainability Report follows the four Reporting Principles, namely Materiality, Quantitative, Balance and Consistency as stipulated in the Guide. Discussion on the Company's environmental policies and performance and an account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depends are set out in the Sustainability Report.

On behalf of the Board

Lo Ka Shui

Chairman and Managing Director

Hong Kong, 6 March 2024

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

To the Shareholders of Great Eagle Holdings Limited
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Great Eagle Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 105 to 224, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties

We identified the valuation of investment properties situated in Hong Kong and the Mainland China which are performed by independent professional property valuers as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgements associated with determining the fair value. As disclosed in note 14 to the consolidated financial statements, the Group's investment properties situated in Hong Kong and the Mainland China amounted to HK\$68,053,726,000 as at 31 December 2023 representing 61.2% of the Group's total assets.

Details of the valuation techniques and key inputs used in the valuations are disclosed in note 14 to the consolidated financial statements. The valuations are dependent on certain key inputs that involve the management's and independent professional property valuers' judgements, including capitalisation rate, market rent per square foot and market observable transactions of similar properties. A table showing the relationship of significant unobservable inputs to fair value is disclosed in note 14.

Our procedures in relation to the valuation of investment properties situated in Hong Kong and the Mainland China included:

- Evaluating the competence, capabilities and objectivity of the independent professional property valuers;
- Obtaining an understanding from the independent professional property valuers about the valuation techniques, the performance of the property markets, significant assumptions adopted, critical judgemental areas, key inputs and data used in the valuations;
- Evaluating the reasonableness of the key inputs used in the valuations by comparing the capitalisation rate, market rent per square foot and market observable transactions with similar properties, and make reference with historical data, market trend and comparable data of companies within the same industry; and
- Assessing the integrity of information provided by the management to the independent professional property valuers by comparing details of rentals on a sample basis to the respective lease agreements.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wong Kuen.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
6 March 2024

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	NOTES	2023 HK\$'000	2022 HK\$'000
Revenue	5	10,644,158	8,884,832
Cost of goods and services		(5,980,533)	(5,227,278)
Operating profit before depreciation		4,663,625	3,657,554
Depreciation		(885,032)	(885,628)
Operating profit		3,778,593	2,771,926
Fair value changes on investment properties	14	(782,184)	(1,923,046)
Fair value changes on derivative financial instruments		(208,631)	351,737
Fair value changes on financial assets at fair value through profit or loss		34,027	(122,855)
Other income	7	295,510	154,804
Administrative and other expenses		(506,280)	(530,027)
Allowance for credit losses on notes and interest receivables		(11,984)	(61,240)
Reversal of impairment loss on a hotel property		–	274,082
Finance costs	8	(1,311,725)	(829,907)
Share of results of joint ventures		24,544	(43,237)
Share of results of associates		14,158	17,102
Profit before tax		1,326,028	59,339
Income taxes	9	(497,991)	(470,153)
Profit (loss) for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	10	828,037	(410,814)
Profit (loss) for the year attributable to:			
Owners of the Company		763,511	(181,404)
Non-controlling interests		(3,658)	7,338
		759,853	(174,066)
Non-controlling unitholders of Champion REIT		68,184	(236,748)
		828,037	(410,814)
Earnings (loss) per share:	13		
Basic		HK\$1.02	(HK\$0.25)
Diluted		HK\$1.02	(HK\$0.25)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	NOTE	2023 HK\$'000	2022 HK\$'000
Profit (loss) for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT		828,037	(410,814)
Other comprehensive (expense) income:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income		(300,758)	(3,462,353)
Share of other comprehensive income of an associate		8,612	1,748
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(55,750)	(507,691)
Cash flow hedges:			
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedges	21	(64,031)	107,427
Reclassification of fair value adjustments to profit or loss	21	(64,609)	(119)
Deferred tax related to fair value adjustments recognised in other comprehensive income	21	10,460	(14,207)
Other comprehensive expense for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT		(466,076)	(3,875,195)
Total comprehensive income (expense) for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT		361,961	(4,286,009)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		341,335	(4,073,662)
Non-controlling interests		(3,218)	7,125
Non-controlling unitholders of Champion REIT		338,117	(4,066,537)
		23,844	(219,472)
		361,961	(4,286,009)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	NOTES	2023 HK\$'000	2022 HK\$'000 (Restated)
Non-current assets			
Investment properties	14	68,603,905	69,349,079
Property, plant and equipment	15	20,117,520	20,379,056
Interests in joint ventures	16	1,292,625	260,319
Interests in associates	17	217,967	204,018
Equity instruments at fair value through other comprehensive income	18	1,449,017	1,943,495
Notes and loan receivables	19	354,676	432,734
Derivative financial instruments	20, 21	37,418	111,589
		92,073,128	92,680,290
Current assets			
Stock of properties	22	11,463,973	12,068,882
Inventories	23	84,047	127,853
Debtors, deposits and prepayments	24	732,088	890,763
Notes and loan receivables	19	67,149	371,341
Financial assets at fair value through profit or loss	25	671,292	539,842
Derivative financial instruments	20, 21	96,207	144,085
Tax recoverable		8,531	2,082
Restricted cash	26	117,234	53,288
Time deposits with original maturity over three months	26	82,196	66,380
Bank balances and cash	26	5,767,324	5,941,727
		19,090,041	20,206,243
Current liabilities			
Creditors, deposits and accruals	27	4,145,142	6,719,586
Derivative financial instruments	20	–	2,753
Provision for taxation		367,641	253,346
Distribution payable		139,821	169,665
Borrowings due within one year	28	17,862,291	7,955,706
Medium term notes	29	199,985	3,017,389
Lease liabilities	30	7,347	5,407
		22,722,227	18,123,852
Net current (liabilities) assets		(3,632,186)	2,082,391
Total assets less current liabilities		88,440,942	94,762,681

	NOTES	2023 HK\$'000	2022 HK\$'000 (Restated)
Non-current liabilities			
Derivative financial instruments	20, 21	120,209	60,963
Borrowings due after one year	28	12,381,465	18,220,931
Medium term notes	29	3,813,632	4,006,947
Deferred taxation	31	1,350,944	1,286,645
Lease liabilities	30	335,973	6,363
		18,002,223	23,581,849
NET ASSETS			
		70,438,719	71,180,832
Equity attributable to:			
Owners of the Company			
Share capital	32	373,862	373,862
Share premium and reserves		56,404,995	56,446,194
		56,778,857	56,820,056
Non-controlling interests		(622,094)	(619,872)
		56,156,763	56,200,184
Net assets attributable to non-controlling unitholders of Champion REIT		14,281,956	14,980,648
		70,438,719	71,180,832

The consolidated financial statements on pages 105 to 224 were approved and authorised for issue by the Board of Directors on 6 March 2024 and are signed on its behalf by:

Lo Ka Shui
DIRECTOR

Kan Tak Kwong
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the Company													Amount attributable to non-controlling unitholders of		
	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000 (note a)	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Hedging reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000	Champion REIT HK\$'000	Total HK\$'000
At 1 January 2022	365,520	6,800,847	3,731,274	23,109	3,054	400,965	(549,879)	95,535	(26,998)	8,328,780	42,276,453	61,448,660	(618,377)	60,830,283	15,785,548	76,615,831
(Loss) profit for the year	-	-	-	-	-	-	-	-	-	-	(181,404)	(181,404)	7,338	(174,066)	(236,748)	(410,814)
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	(3,448,372)	-	-	-	-	-	-	-	-	(3,448,372)	-	(3,448,372)	(13,981)	(3,462,353)
Share of other comprehensive income of an associate	-	-	1,748	-	-	-	-	-	-	-	-	1,748	-	1,748	-	1,748
Change in fair value of cash flow hedges, net of related income tax	-	-	-	-	-	-	-	-	63,362	-	-	63,362	-	63,362	29,739	93,101
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(508,909)	-	-	(87)	-	(508,996)	(213)	(509,209)	1,518	(507,691)
Total comprehensive (expense) income for the year	-	-	(3,446,624)	-	-	-	(508,909)	-	63,362	(87)	(181,404)	(4,073,662)	7,125	(4,066,537)	(219,472)	(4,286,009)
Transaction with non-controlling unitholders of Champion REIT:																
Distribution to non-controlling unitholders of Champion REIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(372,467)	(372,467)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(372,467)	(372,467)
Transactions with owners:																
Dividend paid (note 12)	-	-	-	-	-	-	-	-	-	-	(977,789)	(977,789)	-	(977,789)	-	(977,789)
Transfer of gain on disposal of equity instruments at fair value through other comprehensive income	-	-	(1,667)	-	-	-	-	-	-	-	2,441	774	-	774	(774)	-
Shares issued at premium	8,342	258,252	-	-	-	-	-	-	-	-	-	266,594	-	266,594	-	266,594
Lapse of share options	-	-	-	-	-	-	-	(26,927)	-	-	26,927	-	-	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	20,405	-	-	-	20,405	-	20,405	-	20,405
Increase of interests in subsidiaries (note b)	-	-	-	-	-	-	-	-	-	135,074	-	135,074	18,164	153,238	(212,187)	(58,949)
Distribution to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(26,784)	(26,784)	-	(26,784)
At 31 December 2022	373,862	7,059,099	282,983	23,109	3,054	400,965	(1,058,788)	89,013	36,364	8,463,767	41,146,628	56,820,056	(619,872)	56,200,184	14,980,648	71,180,832

	Attributable to owners of the Company															Amount attributable to non-controlling unitholders of Champion REIT	Total	
	Share capital	Share premium	Investment revaluation reserve	Property revaluation reserve	Capital redemption reserve	Contributed surplus	Exchange translation reserve	Share option reserve	Hedging reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total equity	Champion REIT			Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note a)	HK\$'000	HK\$'000	HK\$'000 (note 21)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000
At 1 January 2023	373,862	7,059,099	282,983	23,109	3,054	400,965	(1,058,788)	89,013	36,364	8,463,767	41,146,628	56,820,056	(619,872)	56,200,184	14,980,648	71,180,832		
Profit (loss) for the year	-	-	-	-	-	-	-	-	-	-	763,511	763,511	(3,658)	759,853	68,184	828,037		
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	(289,816)	-	-	-	-	-	-	-	-	(289,816)	-	(289,816)	(10,942)	(300,758)		
Share of other comprehensive income of an associate	-	-	8,612	-	-	-	-	-	-	-	-	8,612	-	8,612	-	8,612		
Change in fair value of cash flow hedges, net of related income tax	-	-	-	-	-	-	-	-	(81,310)	-	-	(81,310)	-	(81,310)	(36,870)	(118,180)		
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(59,645)	-	-	(17)	-	(59,662)	440	(59,222)	3,472	(55,750)		
Total comprehensive (expense) income for the year	-	-	(281,204)	-	-	-	(59,645)	-	(81,310)	(17)	763,511	341,335	(3,218)	338,117	23,844	361,961		
Transaction with non-controlling unitholders of Champion REIT: Distribution to non-controlling unitholders of Champion REIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(313,224)	(313,224)		
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(313,224)	(313,224)		
Transactions with owners: Dividend paid (note 12)	-	-	-	-	-	-	-	-	-	-	(650,520)	(650,520)	-	(650,520)	-	(650,520)		
Transfer of gain on disposal of equity instruments at fair value through other comprehensive income	-	-	(37,981)	-	-	-	-	-	-	-	37,981	-	-	-	-	-		
Lapse of share options	-	-	-	-	-	-	-	(24,430)	-	-	24,430	-	-	-	-	-		
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	16,552	-	-	-	16,552	-	16,552	-	16,552		
Increase of interests in subsidiaries (note b)	-	-	-	-	-	-	-	-	-	251,434	-	251,434	29,654	281,088	(409,312)	(128,224)		
Distribution to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(28,658)	(28,658)	-	(28,658)		
At 31 December 2023	373,862	7,059,099	(36,202)	23,109	3,054	400,965	(1,118,433)	81,135	(44,946)	8,715,184	41,322,030	56,778,857	(622,094)	56,156,763	14,281,956	70,438,719		

Notes:

- (a) Contributed surplus represents the surplus arising under the Scheme of Arrangement undertaken by the Group (defined in note 2) in 1989/90. Under the Bermuda Companies Act, the contributed surplus of the Group is available for distribution to shareholders.
- (b) It mainly represents the effect from the Group's increase in interests in Champion REIT and Langham (both defined in note 6) upon the settlement of management fees in units and purchase of units of Champion REIT and Langham from the market by the Group.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023 HK\$'000	2022 HK\$'000
Operating activities		
Profit before tax	1,326,028	59,339
Adjustments for:		
Dividends received from equity securities held for trading	(13,553)	(8,780)
Dividends received from equity instruments at fair value through other comprehensive income	(22,796)	(15,555)
Loss on disposal of property, plant and equipment	492	2,349
Written off of a lease liability	–	(342)
Interest income	(255,450)	(96,352)
Fair value changes on investment properties	782,184	1,923,046
Fair value changes on derivative financial instruments	208,631	(351,737)
Fair value changes on financial assets at fair value through profit or loss	(34,027)	122,855
Allowance for credit losses on notes and interest receivables	11,984	61,240
Reversal of impairment loss on a hotel property	–	(274,082)
Provision for allowance for doubtful debts, net of amounts recovered	1,838	5,523
Depreciation	885,032	885,628
Recognition of share-based payments	16,552	20,405
Interest expense	1,311,725	829,907
Share of results of joint ventures	(24,544)	43,237
Share of results of associates	(14,158)	(17,102)
Exchange differences	(5,234)	832
Retention money payable written off	(13,371)	–
Operating cash flows before movements in working capital	4,161,333	3,190,411
Decrease (increase) in debtors, deposits and prepayments	175,946	(97,597)
Decrease in inventories	43,806	10,065
Increase in creditors, deposits and accruals	509,600	71,094
(Increase) decrease in stock of properties	(2,206,940)	112,620
Decrease (increase) in equity securities held for trading	17,748	(123,290)
Cash generated from operations	2,701,493	3,163,303
(Payments) receipts arising from net settlement of derivative financial instruments	(181,703)	–
Hong Kong Profits Tax paid	(162,751)	(648,624)
Other jurisdictions tax paid	(170,267)	(8,136)
Hong Kong Profits Tax refunded	8,691	142
Other jurisdictions tax refunded	2,665	1,682
Net cash from operating activities	2,198,128	2,508,367

	2023 HK\$'000	2022 HK\$'000
Investing activities		
Additions of equity instruments at fair value through other comprehensive income	(97,104)	(219,128)
Additions of financial assets at fair value through profit or loss	(264,445)	(688,436)
Additions of investment properties	(45,552)	(35,639)
Additions of investment in associates	–	(134,228)
Acquisition of investment property	–	(166,177)
Advance to loan and mortgage loan receivables	–	(13,660)
Additions of property, plant and equipment	(420,326)	(450,357)
Additions of notes receivables	(787,186)	(359,504)
Dividends received from associates	8,821	5,454
Dividends received from		
– equity instruments at fair value through other comprehensive income	22,796	15,555
– equity securities held for trading	13,553	8,780
Distribution and repayment from a joint venture	89,152	2,952
Interest received	225,333	90,744
Advance to joint ventures	(1,084,932)	–
Withdrawal of restricted cash	–	43,475
Placement of restricted cash	(64,836)	–
Proceeds on disposal of		
– equity instruments at fair value through other comprehensive income	306,331	8,171
– financial assets at fair value through profit or loss	166,902	881,737
Proceeds on redemption of loan receivables	17,205	106,275
Proceeds on redemption of notes receivables	1,141,030	51,686
Proceeds on disposal of property, plant and equipment	14,944	45
Placement of time deposits with original maturity over three months	(82,196)	(66,380)
Withdrawal of time deposits with original maturity over three months	66,380	–
Net cash used in investing activities	(774,130)	(918,635)
Financing activities		
Bank loans origination fees	(42,589)	(44,837)
Change of interests in subsidiaries	(128,224)	(58,949)
Distribution paid to non-controlling unitholders of Champion REIT	(343,066)	(409,875)
Distribution paid to non-controlling interests	(28,658)	(26,784)
Dividends paid to shareholders	(650,520)	(711,195)
Interest paid	(1,466,059)	(852,341)
New bank loans raised	8,192,792	5,844,171
Repayments of bank loans	(4,139,291)	(4,759,269)
Repayments of lease liabilities	(1,817)	(11,332)
Interest paid for leases	(10,154)	(412)
Redemption of medium term notes	(3,017,591)	(643,000)
Net cash used in financing activities	(1,635,177)	(1,673,823)
Net decrease in cash and cash equivalents	(211,179)	(84,091)
Effect of foreign exchange rates changes	36,776	(93,328)
Cash and cash equivalents at the beginning of the year	5,941,727	6,119,146
Cash and cash equivalents at the end of the year		
Bank balances and cash	5,767,324	5,941,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

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 addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

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 flexible workspace, asset management, project management, trading of building materials, securities investment, provision of property management, maintenance and property agency services and property leasing.

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

In 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, which are mandatorily effective for the annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

In addition, the Group has early applied the Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (the “2022 Amendments”) for the first time in the current year.

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

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

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.

Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3 to the consolidated financial statements.

Impacts on early application of the 2020 Amendments and the 2022 Amendments

The 2022 Amendments modified the requirements introduced by the 2020 Amendments and provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months;
- specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date, while covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period; and

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

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

Impacts on early application of the 2020 Amendments and the 2022 Amendments (continued)

- specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

Under the existing revolving loan arrangement with banks, each rollover request is subject to compliance of conditions as specified in respective facility agreements. Upon the early application of the 2020 Amendments and 2022 Amendments retrospectively, the outstanding revolving loans for which the Group has the right to rollover for at least twelve months after the end of the reporting date are classified as non-current liabilities.

Except as described above, the application of the 2020 and 2022 Amendments do not affect the classification of the Group’s other liabilities as at 31 December 2023 and 2022.

The following tables summarise the impacts on the Group’s consolidated statement of financial position for each of the line items affected. Line items that were not affected by the changes have not been included and there were no other reclassification or adjustments required on the comparative figures on the consolidated income statement and consolidated statement of cash flows.

Impact on the consolidated statement of financial position

	Carrying amounts previously reported at 31 December 2022 HK\$’000	Reclassification HK\$’000	As at 31 December 2022 HK\$’000 (Restated)
Current liabilities			
Borrowings due within one year	8,482,640	(526,934)	7,955,706
Total current liabilities	18,650,786	(526,934)	18,123,852
Non-current liabilities			
Borrowings due after one year	17,693,997	526,934	18,220,931
Total non-current liabilities	23,054,915	526,934	23,581,849

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

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

Impacts on early application of the 2020 Amendments and the 2022 Amendments (continued)

Impact on the consolidated statement of financial position (continued)

	Carrying amounts previously reported at 31 December 2021 HK\$'000	Reclassification HK\$'000	As at 1 January 2022 HK\$'000 (Restated)
Current liabilities			
Borrowings due within one year	6,542,795	(1,383,286)	5,159,509
Total current liabilities	15,134,189	(1,383,286)	13,750,903
Non-current liabilities			
Borrowings due after one year	19,174,451	1,383,286	20,557,737
Total non-current liabilities	27,501,215	1,383,286	28,884,501

Impacts on application of Amendments to HKAS 8 “Definition of Accounting Estimates”

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to HKAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 12 “Income Taxes International Tax Reform – Pillar Two model Rules”

The Group has applied the amendments for the first time in the current year. HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (the “Pillar Two legislation”). The amendments require that entities apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities to disclose separately its current tax expense/income related to Pillar Two income taxes in periods which the Pillar Two legislation is in effect, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

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

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

Impacts on application of Amendments to HKAS 12 “Income Taxes International Tax Reform – Pillar Two model Rules” (continued)

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date the Pillar Two legislation is enacted or substantially enacted. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes. The application of the amendments has had no material impact on the Group’s financial positions and financial performance for the year ended 31 December 2023.

As at 31 December 2023, the government of certain countries, where the group entities are incorporated or registered, enacted the Pillar Two income tax legislation effective on or after 1 January 2024. There is no impact on profit and tax expense of the Group as at and for the year ended 31 December 2023. Under the legislation, the Group will be required to pay top-up tax on profits of subsidiaries that are taxed at an effective tax rate of less than 15 per cent calculated based on the specific adjustments envisaged in the Pillar Two legislation, which may give rise to different effective tax rates compared to those calculated based on accounting profit.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) – Long Service Payment (“LSP”) offsetting mechanism in Hong Kong

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap.57).

In June 2022, the Government of the HKSAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1 May 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

The application of amendments in the current year had no material impact on the consolidated financial statements.

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

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after 1 January 2025

The directors of the Company (the “Directors”) anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of consideration given in exchange for goods and services.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

In addition, for the financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Directors of the Company review the Group's financial position and are of the opinion that, taking into account of the expectation of refinancing the existing loans which are due within one year, availability of hotel properties to pledge for new financing if needed, presently available banking facilities and internal financial resources, the Group has sufficient working capital for its present requirements within one year from the end of the reporting period. Hence, the consolidated financial statements have been prepared on a going concern basis.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holding of other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

Profit or loss and each item of other comprehensive income (“OCI”) are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All significant intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group’s interests in existing subsidiaries

Changes in the Group’s interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group’s and the non-controlling interests’ proportional interest. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional and included in retention money receivables. It is assessed for impairment in accordance with HKFRS 9 "Financial Instruments" ("HKFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer and included in customer deposits and other deferred revenue.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date (for example, service contracts of management fee in which the Group bills a fixed amount for each hour of service provided), the Group recognises revenue in the amount to which the Group has the right to invoice.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Contracts with multiple performance obligations (including allocation of transaction price) (continued)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties, including those held for sale, are measured at fair value using the fair value model adjusted to exclude any prepaid or accrued operating lease income. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Property, plant and equipment

Property, plant and equipment including owner occupied land and buildings held for use in the supply of services, or for administrative purposes (other than properties under construction and freehold land as described below) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. Freehold land is stated at cost less accumulated impairment loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Property, plant and equipment (continued)

Depreciation is provided to write off the cost of items of property, plant and equipment (other than properties under construction and freehold land) over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, at the following rates per annum:

Leasehold land	Over the medium-term lease period
Owner occupied properties and hotel buildings	Over the shorter of the term of the lease or 50 years
Furniture, fixtures and equipment	
Hotel machinery	4%
Fine art	4%
Hotel renovation	10%
Other furniture and fixtures	10% – 20%
Plant and machinery	10% – 20%
Motor vehicles	20%

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Interests in associates and joint ventures

An associate is an entity over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Interests in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate or joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses.

Impairment losses on property, plant and equipment, right-of-use assets and tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and tangible assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Impairment losses on property, plant and equipment, right-of-use assets and tangible assets (continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Properties under development for sale and properties held for sale

Properties under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets upon the application of HKFRS 16, properties under development for sale and properties held for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to properties held for sale upon completion.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted for on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee

Right-of-use assets

The cost of right-of-use asset includes the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessor so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed and the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessor (continued)

Classification and measurement of leases (continued)

When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments to occur.

Rental income which are derived from the Group's ordinary course of business is presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$), using exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange translation reserve) (attributed to non-controlling interests as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. For properties under development for which revenue is recognised over time, the Group ceases to capitalise borrowing costs as soon as the properties are ready for the Group's intended sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

All other borrowing costs are recognised as and included in finance costs in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the service. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised in respect for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxation entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income, in which case, the current and deferred tax are also recognised in other comprehensive income.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Cash and cash equivalents

Bank balances and cash presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Dividend income which is derived from the Group's ordinary course of business is presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at fair value through other comprehensive income (“FVTOCI”)

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, but will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “revenue” line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or designated at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in “fair value changes on financial assets at fair value through profit or loss” line item.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade debtors, other receivables and deposits, retention money receivables, notes and loan receivables, amounts due from joint ventures, restricted cash, time deposits with original maturity over three months and bank balances and cash), and other item (representing lease receivables) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors and lease receivables. The ECL on these assets are assessed individually for debtors with significant balances.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of debtors where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss as part of the gain/(loss) from changes in fair value of financial assets;
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the revaluation reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to receive the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade creditors, other payables, rental deposits received, construction fee payable and retention money payable, distribution payable, borrowings and medium term notes) are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as an effective hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Embedded derivatives

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of HKFRS 9 are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortised cost or fair value as appropriate.

Hedge accounting

At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The Group uses interest rate swaps and cross currency swaps to hedge its exposure against changes in exchange and interest rates. Hedging relationships are classified as cash flow hedges when such relationships are used to hedge against exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability and such variability could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income and accumulated under the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line of the consolidated income statement as the recognised hedged item. If the Group expects that some or all of the loss accumulated in the hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of the equity instruments at the grant date.

The fair value determined at the grant date without taking into consideration all non-market vesting condition is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on assessment of all relevant non-market vesting condition. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after vesting period or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations, that the Directors have been in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the Directors have determined that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale. As a result, the Group has not recognised any deferred taxation on changes in fair value of investment properties situated in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties. For the investment properties situated in the United States of America ("USA") and the People's Republic of China ("The Mainland China"), the Group has recognised the deferred taxation on changes in fair value of investment properties as the Group is subject to income taxes, capital gain taxes and land appreciation tax on disposal of its investment properties as appropriate.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Investment properties

Investment properties are stated at fair value based on the valuations performed by independent professional property valuers.

In determining the fair value of investment properties situated in Hong Kong and the Mainland China, the valuers have used income capitalisation approach which involves estimates of future cash flow determined by current leases and future leases with reference to current market conditions as of the end of the reporting period or direct comparison method which involves estimates of the fair value of similar properties adjusted to reflect current market conditions as of the end of the reporting period.

In relying on those valuation reports, the Directors have exercised their judgements and are satisfied that the methods of valuations assumptions and key inputs are reflective of the current market conditions. Note 14 provides detailed information about carrying amounts of the investment properties, the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Estimated impairment of hotel properties and hotel properties under development

As explained in note 3, included in property, plant and equipment are the Group's hotel buildings which are stated at cost less subsequent accumulated depreciation and accumulated impairment losses; and hotel buildings under development which are stated at cost less accumulated impairment losses.

At the end of the reporting period, the Group reviews the carrying amounts of its hotel buildings and hotel buildings under development to determine whether there is any impairment indicators/indicators of reversal of impairment to those properties. If any such indication exists, the recoverable amount of the relevant property is estimated in order to determine the extent of the impairment loss/reversal of impairment (if any). The hotel performances on the Group's certain hotels have been considered as an indicator for impairment/reversal of impairment of hotel buildings and hotel buildings under development. In determining whether the impairment loss of hotel buildings and hotel buildings under development would be recognised or reversed, the Group has to exercise judgement and make estimation, in assessing whether the carrying value of these assets can be supported by the recoverable amount.

For the purpose of impairment assessment/reversal of impairment of hotel properties, the Group has considered the relevant freehold land, right-of-use leasehold land, hotel buildings, hotel buildings under development and furniture, fixtures and equipment of each hotel property as one cash-generating unit ("CGU"). In the case of value in use, the recoverable amounts are calculated based on net present value of future cash flows which are estimated based on the continued use of the assets and the appropriate key assumptions.

For the purpose of impairment assessment of hotel properties under development, the Group has considered the relevant hotel buildings under development and freehold land as one CGU. In the case of value in use, the recoverable amounts are calculated based on the forecasted future operating cash flows of the properties and the anticipated costs to completion of the hotel properties under development by reference to the actual development costs incurred, construction contracts committed and relevant market information showing the latest cost trend.

In the impairment assessment, changes in the assumptions and estimates, including the occupancy rates, discount rates or the terminal capitalisation rates in the cash flow projections, could materially affect the recoverable amount. Details are set out in note 15.

5. 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).

	2023 HK\$'000	2022 HK\$'000
Hotel income	6,488,180	4,841,728
Rental income from investment properties	2,477,189	2,497,221
Building management service income	285,234	283,162
Sale of properties	1,075,118	919,963
Sale of goods	126,054	147,209
Dividend income	36,349	24,335
Others	156,034	171,214
	10,644,158	8,884,832

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

2023

	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/ reclassification HK\$'000	Consolidated HK\$'000
Hotel income	6,550,383	-	-	-	6,550,383	-	595,167	-	(657,370)	6,488,180
Building management service income	-	21,569	-	-	21,569	263,665	-	-	-	285,234
Sale of properties	-	-	1,075,118	-	1,075,118	-	-	-	-	1,075,118
Sale of goods	-	-	-	126,054	126,054	-	-	-	-	126,054
Others	-	-	-	489,424	489,424	-	-	-	(333,390)	156,034
Revenue from contracts with customers	6,550,383	21,569	1,075,118	615,478	8,262,548	263,665	595,167	-	(990,760)	8,130,620
Rental income from investment properties	-	146,660	-	-	146,660	2,311,989	-	35,289	(16,749)	2,477,189
Dividend income	-	-	-	32,048	32,048	-	-	-	4,301	36,349
	6,550,383	168,229	1,075,118	647,526	8,441,256	2,575,654	595,167	35,289	(1,003,208)	10,644,158

2022

	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/ reclassification HK\$'000	Consolidated HK\$'000
Hotel income	4,872,776	-	-	-	4,872,776	-	375,958	-	(407,006)	4,841,728
Building management service income	-	16,790	-	-	16,790	266,372	-	-	-	283,162
Sale of properties	-	-	919,963	-	919,963	-	-	-	-	919,963
Sale of goods	-	-	-	147,209	147,209	-	-	-	-	147,209
Others	-	-	-	505,567	505,567	-	-	-	(334,353)	171,214
Revenue from contracts with customers	4,872,776	16,790	919,963	652,776	6,462,305	266,372	375,958	-	(741,359)	6,363,276
Rental income from investment properties	-	134,311	-	-	134,311	2,358,939	-	41,073	(37,102)	2,497,221
Dividend income	-	-	-	20,372	20,372	-	-	-	3,963	24,335
	4,872,776	151,101	919,963	673,148	6,616,988	2,625,311	375,958	41,073	(774,498)	8,884,832

5. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers:

– by source of revenue:

2023

	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Total HK\$'000
Hotel income			
– room revenue	–	3,987,391	3,987,391
– food & beverage revenue	2,050,358	–	2,050,358
– others	352,673	97,758	450,431
Building management service income	–	285,234	285,234
Sale of properties	1,075,118	–	1,075,118
Sale of goods	119,865	6,189	126,054
Others	–	156,034	156,034
Revenue from contracts with customers	3,598,014	4,532,606	8,130,620
Rental income from investment properties			2,477,189
Dividend income			36,349
			10,644,158

2022

	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Total HK\$'000
Hotel income			
– room revenue	–	2,983,550	2,983,550
– food & beverage revenue	1,442,752	–	1,442,752
– others	262,077	153,349	415,426
Building management service income	–	283,162	283,162
Sale of properties	919,963	–	919,963
Sale of goods	143,406	3,803	147,209
Others	–	171,214	171,214
Revenue from contracts with customers	2,768,198	3,595,078	6,363,276
Rental income from investment properties			2,497,221
Dividend income			24,335
			8,884,832

5. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers: (continued)

– by geographical locations:

2023

	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Total HK\$'000
Hong Kong	2,006,251	1,364,957	3,371,208
The USA	774,244	1,351,920	2,126,164
The Mainland China	156,678	317,763	474,441
Canada	92,375	511,248	603,623
The United Kingdom	200,764	531,585	732,349
Australia	194,288	257,101	451,389
New Zealand	172,859	196,038	368,897
Others	555	1,994	2,549
Revenue from contracts with customers	3,598,014	4,532,606	8,130,620
Rental income from investment properties			2,477,189
Dividend income			36,349
			10,644,158

2022

	Revenue recognised at a point in time HK\$'000	Revenue recognised over time HK\$'000	Total HK\$'000
Hong Kong	1,503,583	1,007,495	2,511,078
The USA	635,553	1,164,338	1,799,891
The Mainland China	37,132	196,735	233,867
Canada	65,688	421,556	487,244
The United Kingdom	182,774	468,141	650,915
Australia	202,849	228,361	431,210
New Zealand	137,833	107,407	245,240
Others	2,786	1,045	3,831
Revenue from contracts with customers	2,768,198	3,595,078	6,363,276
Rental income from investment properties			2,497,221
Dividend income			24,335
			8,884,832

5. REVENUE (continued)

(ii) Performance obligations for contracts with customers and revenue recognition policies:

Hotel room revenue is recognised over the stay of guests. The Group receives deposits from customers when the hotel room reservation is made. The deposits received from the contracts prior to meeting the above criteria for revenue recognition are recognised as customer deposits and other deferred revenue under the Group's creditors, deposits and accruals. The Group allows an average credit period of 30 – 60 days to certain of its trade customers.

Food & beverage revenue is recognised at a point in time when control of the goods and services is transferred to customers.

Other hotel income mainly comprises ancillary service income which is recognised at a point in time when control of the services is transferred to customers or over the service period, depending on the terms of the contracts.

Building management service income is recognised over the service period. The Group receives monthly building management service payments from customers one month in advance under the contracts.

Sale of properties is recognised at a point in time when control of the completed properties is delivered to buyers. The Group receives deposits from buyers when they sign the sale and purchase agreement. The deposits received from the contracts prior to meeting the above criteria for revenue recognition are recognised as customer deposits and other deferred revenue under the Group's creditors, deposits and accruals.

Sale of goods is mainly recognised at a point in time when control of the goods is transferred to customers. The Group allows an average credit period of 30 – 60 days to certain of its trade customers.

Others represent flexible workspace income, property maintenance and property management service income which are recognised over the service period. The Group receives a portion of service payments from customers in advance under the contracts.

5. REVENUE (continued)

- (iii) Transaction price allocated to the remaining performance obligation for contracts with customers:

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) and the expected timing of recognising revenue are as follows:

2023

	Within one year HK\$'000	More than one year but not more than two years HK\$'000	More than two years HK\$'000	Total HK\$'000
Hotel income	584,128	138,358	21,874	744,360
Sale of properties	802,031	557,483	–	1,359,514
Sale of goods	84,012	208,553	–	292,565
Others	20,566	–	–	20,566
	1,490,737	904,394	21,874	2,417,005

2022

	Within one year HK\$'000	More than one year but not more than two years HK\$'000	More than two years HK\$'000	Total HK\$'000
Hotel income	801,694	62,007	4,005	867,706
Sale of properties	928,438	–	–	928,438
Sale of goods	99,654	114,955	–	214,609
Others	22,433	–	–	22,433
	1,852,219	176,962	4,005	2,033,186

The Group applied the practical expedient in HKFRS 15 by recognising revenue in the amount to which the Group has right to invoice an amount that corresponds directly with the value to customer of the entity's performance completed to date on a time basis. As permitted under HKFRS 15, the aggregate amount of the transaction price allocated to the unsatisfied performance obligation in relation to the building management service as at the end of reporting period is not disclosed.

6. 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 the “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, flexible workspace 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 rental income and related expenses of the property owned by the US Real Estate Fund.

Segment results of Champion REIT represent the published net property income less manager’s fee. Segment results of Langham represent revenue less property related expenses and services fees. Segment results of US Real Estate Fund represent revenue less fund related expenses. Segment results of other operating segments (hereinafter referred to as the “Great Eagle Operations”) represent the results of each segment without including any effect of allocation of interest income from time deposits with original maturity over three months, 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 FVTPL, other income, finance costs and income taxes. The hotel operation segment result has been arrived at after reversing intra-group HKFRS 16 “Leases” 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.

6. SEGMENT INFORMATION (continued)

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

Segment revenue and results

2023

	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 (note)	US Real Estate Fund HK\$'000	Eliminations/ reclassification HK\$'000	Consolidated HK\$'000
Revenue										
External revenue	6,486,482	167,693	1,075,118	314,136	8,043,429	2,559,441	1,698	35,289	4,301	10,644,158
Inter-segment revenue	63,901	536	-	333,390	397,827	16,213	593,469	-	(1,007,509)	-
Total	6,550,383	168,229	1,075,118	647,526	8,441,256	2,575,654	595,167	35,289	(1,003,208)	10,644,158

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.

Results	1,098,163	108,089	798,120	458,308	2,462,680 (666,547)	1,713,717 -	494,667 (226,900)	8,587 (357)	(16,026) 8,772	4,663,625 (885,032)
Segment results										
Depreciation										
Operating profit (loss) after depreciation					1,796,133	1,713,717	267,767	8,230	(7,254)	3,778,593
Fair value changes on investment properties					(140,083)	(641,377)	-	(724)	-	(782,184)
Fair value changes on derivative financial instruments					(138,517)	-	(70,114)	-	-	(208,631)
Fair value changes on financial assets at FVTPL					34,027	-	-	-	-	34,027
Allowance for credit losses on notes and interest receivables					(11,984)	-	-	-	-	(11,984)
Other income					24,992	-	600	16,990	(2,522)	40,060
Administrative and other expenses					(469,320)	(21,555)	(13,339)	(4,286)	2,220	(506,280)
Net finance costs					(248,388)	(572,384)	(238,007)	1,747	757	(1,056,275)
Share of results of joint ventures					93,896	(69,352)	-	-	-	24,544
Share of results of associates					14,158	-	-	-	-	14,158
Profit (loss) before tax					954,914	409,049	(53,093)	21,957	(6,799)	1,326,028
Income taxes					(313,277)	(188,433)	2,575	-	1,144	(497,991)
Profit (loss) for the year					641,637	220,616	(50,518)	21,957	(5,655)	828,037
Less: (Loss) profit attributable to non-controlling interests/non-controlling unitholders of Champion REIT					(460)	(68,184)	15,103	(10,985)	-	(64,526)
Profit (loss) attributable to owners of the Company					641,177	152,432	(35,415)	10,972	(5,655)	763,511

6. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

2022

	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 (note)	US Real Estate Fund HK\$'000	Eliminations/ reclassification HK\$'000	Consolidated HK\$'000
Revenue										
External revenue	4,839,627	150,458	919,963	338,795	6,248,843	2,588,852	2,101	41,073	3,963	8,884,832
Inter-segment revenue	33,149	643	-	334,353	368,145	36,459	373,857	-	(778,461)	-
Total	4,872,776	151,101	919,963	673,148	6,616,988	2,625,311	375,958	41,073	(774,498)	8,884,832

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.

Results										
Segment results	615,898	97,081	457,271	530,113	1,700,363	1,788,143	313,753	17,937	(113,464)	3,706,732
Depreciation					(671,128)	-	(225,765)	(321)	11,586	(885,628)
Operating profit (loss) after depreciation					1,029,235	1,788,143	87,988	17,616	(101,878)	2,821,104
Fair value changes on investment properties					(166,946)	(1,749,233)	-	(6,867)	-	(1,923,046)
Fair value changes on derivative financial instruments					268,652	-	83,085	-	-	351,737
Fair value changes on financial assets at FVTPL					(102,709)	(20,146)	-	-	-	(122,855)
Reversal of impairment loss on a hotel property					274,082	-	-	-	-	274,082
Other income					9,563	-	685	563	(1,537)	9,274
Administrative and other expenses					(488,325)	(26,823)	(11,572)	(3,429)	122	(530,027)
Allowance for credit losses on notes and interest receivables					(13,000)	(48,240)	-	-	-	(61,240)
Net finance costs					(171,502)	(425,075)	(142,221)	1,668	3,575	(733,555)
Share of results of joint ventures					(729)	(42,508)	-	-	-	(43,237)
Share of results of associates					17,102	-	-	-	-	17,102
Profit (loss) before tax					655,423	(523,882)	17,965	9,551	(99,718)	59,339
Income taxes					(232,989)	(225,442)	(12,868)	-	1,146	(470,153)
Profit (loss) for the year					422,434	(749,324)	5,097	9,551	(98,572)	(410,814)
Less: (Loss) profit attributable to non-controlling interests/non-controlling unitholders of Champion REIT					(897)	236,748	(1,663)	(4,778)	-	229,410
Profit (loss) attributable to owners of the Company					421,537	(512,576)	3,434	4,773	(98,572)	(181,404)

Note: The inter-segment revenue of Langham mainly includes the rental income of three hotel properties receivable from Great Eagle.

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

31 December 2023

	Assets HK\$'000	Liabilities HK\$'000	Net Assets HK\$'000
Hotel operation (note a)	18,926,308	6,284,465	12,641,843
Property investment (note a)	4,970,252	45,989	4,924,263
Property development (note a)	12,646,498	4,889,767	7,756,731
Other operations (note a)	545,837	185,304	360,533
Unallocated (note a)	5,500,730	5,052,566	448,164
Great Eagle Operations (note b)	42,589,625	16,458,091	26,131,534
Champion REIT (note c)	44,629,918	12,182,089	32,447,829
Langham (note d)	11,120,944	4,666,344	6,454,600
US Real Estate Fund (note e)	460,266	172,438	287,828

31 December 2022

	Assets HK\$'000	Liabilities HK\$'000	Net Assets HK\$'000
Hotel operation (note a)	18,476,568	5,718,745	12,757,823
Property investment (note a)	5,261,668	46,813	5,214,855
Property development (note a)	12,352,257	6,434,278	5,917,979
Other operations (note a)	576,537	221,970	354,567
Unallocated (note a)	6,615,440	4,934,001	1,681,439
Great Eagle Operations (note b)	43,282,470	17,355,807	25,926,663
Champion REIT (note c)	44,538,279	11,925,942	32,612,337
Langham (note d)	10,470,774	4,782,590	5,688,184
US Real Estate Fund (note e)	434,526	157,631	276,895

Notes:

- (a) The segment assets include primarily investment properties, property, plant and equipment, right-of-use assets, equity instruments at FVTOCI, stock of properties, inventories, notes and loan receivables, financial assets at FVTPL, time deposits with original maturity over three months, bank balances and cash and debtors, deposits and prepayments attributable to respective operating segments. The segment liabilities include primarily creditors, deposits and accruals, borrowings, lease liabilities, provision for taxation and deferred taxation attributable to respective operating segments.
- (b) Included in the assets and liabilities are bank deposits and restricted cash of HK\$4,745,942,000 (2022: HK\$5,015,236,000) and borrowings of HK\$13,513,817,000 (2022: HK\$12,192,311,000), representing net debt of HK\$8,767,875,000 as at 31 December 2023 (2022: HK\$7,177,075,000).
- (c) Assets and liabilities of Champion REIT are based on published financial information of Champion REIT, at the effective interest held by Great Eagle Holdings Limited, being 69.23% (2022: 68.28%), excluding the effective interest of the distribution payable attributable from Champion REIT of HK\$314,587,000 (2022: HK\$365,218,000).
- (d) Assets and liabilities of Langham are based on published financial information of Langham, at the effective interest held by Great Eagle Holdings Limited, being 70.23% (2022: 69.70%). It includes three hotel properties with appraised value of HK\$15,662,000,000 as at 31 December 2023 (2022: HK\$14,685,000,000). The three hotel properties are self-operated by Great Eagle and accordingly recognised as property, plant and equipment with corresponding carrying amount (at cost less accumulated depreciation) of HK\$3,241,809,000 (2022: HK\$3,423,855,000) in the Group's consolidated statement of financial position.
- (e) Assets and liabilities of the US Real Estate Fund are based on results of the fund at the 49.97% (2022: 49.97%) interest held by Great Eagle Holdings Limited.

6. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are mainly located in Hong Kong, the USA, Canada, the United Kingdom, Australia, New Zealand, the Mainland China, Japan, Italy and others.

A geographical analysis of the Group's revenue from external customers based on the geographical location of customers, except for property investment and hotel operations which are based on the geographical location of the properties, and information about the carrying amount of non-current assets excluding financial instruments, interests in associates and joint ventures by the geographical location of the assets are detailed as follows:

	Revenue from external customers		Carrying amounts of non-current assets	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong	5,844,106	4,987,588	72,225,236	73,057,507
The USA	2,165,437	1,844,937	8,279,753	8,411,140
The Mainland China	474,441	233,867	2,514,940	2,549,079
Canada	603,623	487,244	635,981	580,782
The United Kingdom	732,349	650,915	1,341,995	1,337,755
Australia	451,389	431,210	644,878	673,092
New Zealand	368,897	245,240	1,140,725	1,172,970
Japan	–	–	1,531,000	1,616,862
Italy	–	–	406,917	328,948
Others	3,916	3,831	–	–
	10,644,158	8,884,832	88,721,425	89,728,135

Information about major customers

There were no customers individually contributing over 10% of the total sale amounts for both years.

7. OTHER INCOME

	2023 HK\$'000	2022 HK\$'000
Interest income on:		
Bank deposits	208,808	57,854
Financial assets at FVTPL	3,357	8,248
Notes and loan receivables	25,061	25,487
Others	18,224	4,763
	255,450	96,352
Government subsidy (note)	–	51,686
Sundry income	39,981	6,696
Bad debt recovery	79	70
	295,510	154,804

Note: During the year ended 31 December 2022, the Group recognised government grants of HK\$51,686,000 in respect of COVID-19 related subsidies.

8. FINANCE COSTS

	2023 HK\$'000	2022 HK\$'000
Interest on bank and other borrowings	1,289,811	603,694
Interest on medium term notes	129,556	239,665
Interest on lease liabilities	10,154	412
Other borrowing costs	86,299	76,802
	1,515,820	920,573
Less: amount capitalised (note)	(204,095)	(90,666)
	1,311,725	829,907

Note: Interest were capitalised at an average annual rate of 4.44% (2022: 1.47%) to property development projects.

9. INCOME TAXES

	2023 HK\$'000	2022 HK\$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	327,357	314,042
Other jurisdictions	115,644	86,589
	443,001	400,631
(Overprovision) underprovision in prior years:		
Hong Kong Profits Tax	(11,618)	2,214
Other jurisdictions	(4,916)	(3,199)
	(16,534)	(985)
	426,467	399,646
Deferred tax (note 31):		
Current year	51,190	71,637
Overprovision in prior years	(6,062)	(1,130)
Attributable to change in rate	26,396	–
	71,524	70,507
	497,991	470,153

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Corporate tax rate in the USA is calculated at the effective rate of 29% (2022: 29%) of the estimated assessable profit for current year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. INCOME TAXES (continued)

The tax charge for the year can be reconciled to the profit before tax per the consolidated income statement as follows:

	2023 HK\$'000	2022 HK\$'000
Profit before tax	1,326,028	59,339
Tax at the domestic income tax rate of 16.5% (2022: 16.5%)	218,794	9,791
Tax effect of expenses that are not deductible for tax purpose	199,005	390,866
Tax effect of income that is not taxable for tax purpose	(55,939)	(83,238)
Tax effect of deductible temporary difference not recognised	47,096	–
Overprovision in prior years	(22,596)	(2,115)
Tax effect of share of results of associates	(2,336)	(2,822)
Tax effect of share of results of joint ventures	(4,050)	7,134
Tax effect of tax losses not recognised	48,260	114,967
Utilisation of tax losses previously not recognised	(15,701)	(18,256)
Increase in opening deferred taxation liability resulting from increase in applicable tax rate	26,396	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	51,168	40,859
Others	7,894	12,967
Tax charge for the year	497,991	470,153

The Group has applied the temporary exception issued by the HKICPA in 2023 from the accounting requirements for deferred taxes in HKAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

10. PROFIT (LOSS) FOR THE YEAR

	2023 HK\$'000	2022 HK\$'000
Profit (loss) for the year has been arrived at after charging:		
Staff costs (including Directors' emoluments)	2,946,687	2,456,920
Share-based payments (including Directors' emoluments)	16,552	20,405
	2,963,239	2,477,325
Depreciation	885,032	885,628
Auditor's remuneration	14,950	17,045
Trustee's remuneration	8,267	8,459
Cost of inventories recognised as an expense	860,394	944,274
Net exchange loss (included in administrative and other expenses)	9,687	33,788
Loss on disposal of property, plant and equipment (included in administrative and other expenses)	492	2,349
Allowance for doubtful debts	1,917	5,593
Share of tax of associates (included in the share of results of associates)	46	39
Share of tax of a joint venture (included in the share of results of joint ventures)	1,833	12,395
and after crediting:		
Dividend income from		
– equity instruments at FVTOCI	22,796	15,555
– financial assets at FVTPL	13,553	8,780
Rental income from investment properties less related outgoings of HK\$334,452,000 (2022: HK\$302,499,000)	2,142,737	2,194,722

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the fifteen (2022: sixteen) Directors were as follows:

	2023					Total HK\$'000
	Fees	Salaries and other benefits	Discretionary bonuses	Share options	Retirement benefits scheme contributions	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
A) EXECUTIVE DIRECTORS						
Dr. LO Ka Shui	220	15,459	1,637	2,484	655	20,455
Mr. LO Hong Sui, Antony	220	1,780	178	204	89	2,471
Madam LAW Wai Duen	220	725	73	204	36	1,258
Mr. KAN Tak Kwong	220	7,530	941	1,486	376	10,553
Mr. CHU Shik Pui	220	5,483	822	1,347	274	8,146
Mr. LO Alexander Chun Him	220	2,964	279	667	140	4,270
Professor POON Ka Yeung, Larry	220	3,090	309	93	155	3,867
Sub-total	1,540	37,031	4,239	6,485	1,725	51,020

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

	2023					Total HK\$'000
	Fees	Salaries and other benefits	Discretionary bonuses	Share options	Retirement benefits scheme contributions	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
B) NON-EXECUTIVE DIRECTORS						
Madam LO TO Lee Kwan	220	-	-	-	-	220
Mr. LO Hong Sui, Vincent	220	-	-	-	-	220
Dr. LO Ying Sui	220	-	-	-	-	220
Sub-total	660	-	-	-	-	660

The non-executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

	2023					Total HK\$'000
	Fees	Salaries and other benefits	Discretionary bonuses	Share options	Retirement benefits scheme contributions	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
C) INDEPENDENT NON-EXECUTIVE DIRECTORS						
Professor WONG Yue Chim, Richard	510	-	-	-	-	510
Mrs. LEE Pui Ling, Angelina	510	-	-	-	-	510
Mr. ZHU Qi (note c)	550	-	-	-	-	550
Mr. HO Shut Kan (note d)	500	-	-	-	-	500
Madam Diana Ferreira CESAR (note e)	-	-	-	-	-	-
Sub-total	2,070	-	-	-	-	2,070

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Total						53,750
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11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

	2022					Total HK\$'000
	Fees	Salaries and other benefits	Discretionary bonuses	Share options	Retirement benefits scheme contributions	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
A) EXECUTIVE DIRECTORS						
Dr. LO Ka Shui	220	15,112	1,589	3,490	636	21,047
Mr. LO Hong Sui, Antony	220	1,728	216	420	86	2,670
Madam LAW Wai Duen	220	704	88	420	35	1,467
Mr. KAN Tak Kwong	220	7,310	913	2,068	365	10,876
Mr. CHU Shik Pui	220	5,221	957	1,765	261	8,424
Mr. LO Alexander Chun Him	220	2,655	339	1,080	136	4,430
Professor POON Ka Yeung, Larry	220	3,001	375	–	150	3,746
Sub-total	1,540	35,731	4,477	9,243	1,669	52,660

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

	2022					Total HK\$'000
	Fees	Salaries and other benefits	Discretionary bonuses	Share options	Retirement benefits scheme contributions	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
B) NON-EXECUTIVE DIRECTORS						
Madam LO TO Lee Kwan	220	–	–	–	–	220
Mr. LO Hong Sui, Vincent	220	–	–	–	–	220
Dr. LO Ying Sui	220	–	–	–	–	220
Sub-total	660	–	–	–	–	660

The non-executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

	2022					Total HK\$'000
	Fees	Salaries and other benefits	Discretionary bonuses	Share options	Retirement benefits scheme contributions	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
C) INDEPENDENT NON-EXECUTIVE DIRECTORS						
Mr. CHENG Hoi Chuen, Vincent (note a)	362	-	-	-	-	362
Professor WONG Yue Chim, Richard	510	-	-	-	-	510
Mrs. LEE Pui Ling, Angelina	510	-	-	-	-	510
Mr. LEE Siu Kwong, Ambrose (note b)	310	-	-	-	-	310
Mr. ZHU Qi (note c)	505	-	-	-	-	505
Mr. HO Shut Kan (note d)	5	-	-	-	-	5
Sub-total	2,202	-	-	-	-	2,202

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Total	55,522
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Notes:

- Mr. CHENG Hoi Chuen, Vincent passed away and ceased to be an independent non-executive director of the Company on 28 August 2022.
- Mr. LEE Siu Kwong, Ambrose passed away and ceased to be an independent non-executive director of the Company on 14 August 2022.
- Mr. ZHU Qi was appointed as an independent non-executive director of the Company on 1 January 2022.
- Mr. HO Shut Kan was appointed as an independent non-executive director of the Company on 28 December 2022.
- Madam Diana Ferreira CESAR was appointed as independent non-executive director of the Company on 4 April 2023.

Dr. LO Ka Shui performs the function of the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Discretionary bonuses are determined by the remuneration committee of the Company from time to time by reference to the prevailing market conditions, the performance of the Company as well as the individual performance.

None of the Directors waived any emoluments in the years ended 31 December 2023 and 31 December 2022.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2022: three) were Directors whose emoluments are included in the disclosures above. The emoluments of the remaining two (2022: two) individuals were as follows:

	2023 HK\$'000	2022 HK\$'000
Salaries and other benefits	10,794	9,337
Discretionary bonuses	2,234	1,219
Share options	843	1,540
Retirement benefits scheme contributions	926	704
	14,797	12,800

	2023 Number of employees	2022 Number of employees
Bands:		
HK\$5,500,001 – HK\$6,000,000	–	1
HK\$6,000,001 – HK\$6,500,000	1	–
HK\$7,000,001 – HK\$7,500,000	1	1
	2	2

No emoluments were paid by the Group to any of the five individuals with the highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office during both years.

12. DIVIDENDS

	2023 HK\$'000	2022 HK\$'000
Dividends paid:		
– Final dividend of HK50 cents in respect of the financial year ended 31 December 2022 (2022: HK50 cents in respect of the financial year ended 31 December 2021) per ordinary share	373,862	365,520
– Special final dividend of HK50 cents in respect of the financial year ended 31 December 2021 per ordinary share	–	365,520
	373,862	731,040
– Interim dividend of HK37 cents in respect of the financial year ended 31 December 2023 (2022: HK33 cents in respect of the financial year ended 31 December 2022) per ordinary share	276,658	246,749
	650,520	977,789

On 13 June 2023, a final dividend of HK50 cents per ordinary share was paid to shareholders as the final dividend in respect of the financial year ended 31 December 2022.

On 21 June 2022, a final dividend of HK50 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 2021.

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

	2023 HK\$'000	2022 HK\$'000
Dividends:		
– Cash	373,862	98,926
– Share alternative (note 34)	–	266,594
	373,862	365,520

	2023 HK\$'000	2022 HK\$'000
Dividends proposed:		
– Proposed final dividend of HK50 cents in respect of the financial year ended 31 December 2023 (2022: HK50 cents in respect of the financial year ended 31 December 2022) per ordinary share	373,862	373,862

The proposed final dividends in respect of the financial year ended 31 December 2023 is subject to approval by the shareholders in the forthcoming annual general meeting.

13. EARNINGS (LOSS) PER SHARE

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

	2023 HK\$'000	2022 HK\$'000
Earnings (loss)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share (Profit (loss) for the year attributable to owners of the Company)	763,511	(181,404)

	2023	2022
Number of shares		
Weighted average number of shares for the purposes of basic and diluted earnings (loss) per share	747,723,345	739,861,798

For the year ended 31 December 2023, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share option because the exercise price of those options was higher than the average market price of the Company's shares.

For the year ended 31 December 2022, the diluted loss per share was the same as the basic loss per share as the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options because it will otherwise result in a decrease in loss per share.

14. INVESTMENT PROPERTIES

	2023 HK\$'000	2022 HK\$'000
Fair value		
At 1 January	69,349,079	71,063,934
Exchange adjustments	(7,581)	(19,737)
Additions	44,591	35,673
Acquisition of property	–	192,255
Decrease in fair value recognised in the consolidated income statement	(782,184)	(1,923,046)
At 31 December	68,603,905	69,349,079

- (a) The Group's property interests situated in Hong Kong of HK\$67,797,000,000 (2022: HK\$68,532,500,000), in the USA of HK\$550,179,000 (2022: HK\$549,677,000) and in the Mainland China of HK\$256,726,000 (2022: HK\$266,902,000) which are held under leasehold interests to earn rentals or for capital appreciation purposes are measured using the fair value model, and are classified and accounted for as investment properties.
- (b) In determining the fair value of the relevant investment properties, the Group engages in independent professional property valuers to perform the valuation. The management works closely with the independent professional property valuers to establish the appropriate valuation techniques and inputs to the model. The assumptions and key inputs are reflective of the current market conditions. The management reports the valuation reports and findings to the Board of Directors of the Company half yearly to explain the cause of fluctuations in the fair value of the investment properties.

14. INVESTMENT PROPERTIES (continued)

- (c) Included in the fair value of investment properties as at 31 December 2023 is HK\$67,785,726,000 (2022: HK\$68,525,002,000) which is categorised as Level 3 fair value hierarchy with movement as follows:

	2023 HK\$'000	2022 HK\$'000
Fair value		
At 1 January	68,525,002	70,961,034
Exchange adjustments	(7,744)	(19,737)
Additions	43,528	35,673
Decrease in fair value recognised in the consolidated income statement	(775,060)	(1,902,291)
Transfers out of level 3	–	(549,677)
At 31 December	67,785,726	68,525,002

Unrealised loss on property revaluation included in profit or loss amounted to HK\$775,060,000 (2022: HK\$1,902,291,000). Investment property of HK\$549,677,000 transferred out of Level 3 to Level 2 during the year ended 31 December 2022.

- (d) The carrying amounts of investment properties includes land and buildings situated in Hong Kong and outside Hong Kong are as follows:

	2023 HK\$'000	2022 HK\$'000
Leases in Hong Kong	67,797,000	68,532,500
Leases outside Hong Kong	806,905	816,579
	68,603,905	69,349,079

- (e) The fair value of the Group's investment properties at 31 December 2023 and 2022 has been arrived at on a basis of valuation performed by independent professional property valuers not connected with the Group:

Investment properties in Hong Kong – Cushman & Wakefield Limited and Savills Valuation and Professional Services Limited.

Investment properties in the Mainland China – Knight Frank Petty Limited.

Investment properties in the USA – Cushman & Wakefield Western, Inc.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

The Group leases out properties under operating leases. Details are set out in note 38.

14. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK\$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2023						
Commercial property in Wan Chai, Hong Kong	3,570,200	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 2.90% for office and 4.50% for retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Commercial properties in Central, Hong Kong	38,104,800	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 3.70% for office and 4.35% for retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Office and mall properties in Mongkok, Hong Kong	24,845,000	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 4.10% for office and 4.00% for retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Furnished apartments in Hong Kong	1,009,000	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 3.00% to 3.70%.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Commercial properties in Shanghai, the Mainland China	256,726	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 8.00% for retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Condominiums in the USA	550,179	Level 2	Market price	N/A	N/A	

14. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK\$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2023 (continued)						
Apartments in Hong Kong	98,000	Level 2	Direct comparison method based on market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject property.	N/A	N/A	
Shops in Central, Hong Kong	170,000	Level 2	Direct comparison method based on market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject property.	N/A	N/A	
As at 31 December 2022						
Commercial property in Wan Chai, Hong Kong	3,687,100	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 2.90% for office and 4.50% for retail. Market rent, taking into account direct market comparables within the property.	The higher the capitalisation rate, the lower the fair value. The higher the market rent, the higher the fair value.	Note (i) Note (ii)
Commercial properties in Central, Hong Kong	38,942,000	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 3.70% for office and 4.35% for retail. Market rent, taking into account direct market comparables within the property.	The higher the capitalisation rate, the lower the fair value. The higher the market rent, the higher the fair value.	Note (i) Note (ii)
Office and mall properties in Mongkok, Hong Kong	24,613,000	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 4.10% for office and 4.00% for retail. Market rent, taking into account direct market comparables within the property.	The higher the capitalisation rate, the lower the fair value. The higher the market rent, the higher the fair value.	Note (i) Note (ii)

14. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK\$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2022 (continued)						
Furnished apartments in Hong Kong	1,016,000	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 3.00% to 3.70%. Market rent, taking into account direct market comparables within the property.	The higher the capitalisation rate, the lower the fair value. The higher the market rent, the higher the fair value.	Note (i) Note (ii)
Commercial properties in Shanghai, the Mainland China	266,902	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 8.00% for retail. Market rent, taking into account direct market comparables within the property.	The higher the capitalisation rate, the lower the fair value. The higher the market rent, the higher the fair value.	Note (i) Note (ii)
Condominiums in the USA	549,677	Level 2	Market price	N/A	N/A	
Apartments in Hong Kong	101,400	Level 2	Direct comparison method based on market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject property.	N/A	N/A	
Shops in Central, Hong Kong	173,000	Level 2	Direct comparison method based on market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject property.	N/A	N/A	

Notes:

- (i) A significant percentage change in the unobservable inputs would result in a significant percentage change in fair value measurement.
- (ii) A significant percentage change in the unobservable inputs would result in a less significant percentage change in fair value measurement.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK\$'000	Right-of-use leasehold land HK\$'000	Right-of-use properties HK\$'000	Hotel buildings HK\$'000	Hotel development HK\$'000	Owner occupied properties situated in Hong Kong HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Plant and machinery HK\$'000	Total HK\$'000
Cost										
At 1 January 2022	4,080,982	2,349,418	58,458	17,885,587	1,343,891	1,100,409	4,332,985	5,942	167	31,157,839
Exchange adjustments	(279,678)	-	(972)	(580,780)	(23,669)	-	(155,494)	(35)	(4)	(1,040,632)
Additions	-	-	1,521	55,316	135,920	-	199,569	-	-	392,326
Transfer in (out)	-	-	-	56,188	(59,777)	-	3,589	-	-	-
Disposals/written off	-	-	(3,868)	-	-	-	(71,876)	(999)	(76)	(76,819)
At 31 December 2022	3,801,304	2,349,418	55,139	17,416,311	1,396,365	1,100,409	4,308,773	4,908	87	30,432,714
Exchange adjustments	(71,097)	-	(251)	471	(8,392)	-	38,599	(12)	-	(40,682)
Additions	-	-	333,365	9,292	147,745	-	240,285	-	-	730,687
Transfer in (out)	-	-	-	(10)	-	-	97	-	(87)	-
Disposals/written off	-	-	-	(14,610)	-	-	(9,966)	-	-	(24,576)
At 31 December 2023	3,730,207	2,349,418	388,253	17,411,454	1,535,718	1,100,409	4,577,788	4,896	-	31,098,143
Depreciation and impairment										
At 1 January 2022	114,873	1,180,972	45,338	5,545,689	-	285,923	2,623,916	4,330	124	9,801,165
Exchange adjustments	(1,387)	-	(689)	(180,757)	-	-	(101,749)	(42)	(4)	(284,628)
Charge for the year	-	44,765	5,449	407,015	-	66,147	361,737	505	10	885,628
Reversal of impairment loss	-	-	-	(274,082)	-	-	-	-	-	(274,082)
Eliminated on disposals/written off	-	-	(3,540)	-	-	-	(69,810)	(999)	(76)	(74,425)
At 31 December 2022	113,486	1,225,737	46,558	5,497,865	-	352,070	2,814,094	3,794	54	10,053,658
Exchange adjustments	(8)	-	(245)	22,764	-	-	28,572	(10)	-	51,073
Charge for the year	-	44,764	10,825	411,329	-	66,147	351,558	409	-	885,032
Transfer in (out)	-	-	-	-	-	-	54	-	(54)	-
Eliminated on disposals/written off	-	-	-	-	-	-	(9,140)	-	-	(9,140)
At 31 December 2023	113,478	1,270,501	57,138	5,931,958	-	418,217	3,185,138	4,193	-	10,980,623
Carrying amounts										
At 31 December 2023	3,616,729	1,078,917	331,115	11,479,496	1,535,718	682,192	1,392,650	703	-	20,117,520
At 31 December 2022	3,687,818	1,123,681	8,581	11,918,446	1,396,365	748,339	1,494,679	1,114	33	20,379,056

Included in the additions of furniture and fixtures of HK\$240,285,000 (2022: HK\$199,569,000) during the year are additions of hotel renovation, hotel machinery and fine art amounting to HK\$37,853,000 (2022: HK\$18,938,000), HK\$15,559,000 (2022: HK\$8,936,000) and HK\$nil (2022: HK\$5,690,000), respectively, of which the Directors estimate useful lives of 10 years, 25 years and 25 years, respectively.

At 31 December 2023, the leasehold land with carrying amounts of HK\$1,078,917,000 (2022: HK\$1,123,681,000) are situated in Hong Kong. Freehold land is situated outside Hong Kong. Owner occupied properties situated in Hong Kong are land and buildings.

The management of the Group concluded there was indication for impairment/reversal of impairment and conducted impairment assessment on certain property, plant and equipment with carrying amounts of HK\$1,379,801,000 (2022: HK\$5,485,595,000).

15. PROPERTY, PLANT AND EQUIPMENT (continued)

For the purpose of impairment assessment of hotel properties, the relevant freehold land, right-of-use leasehold land, hotel buildings, hotel buildings under developments and furniture, fixtures and equipment of each hotel property have been allocated into individual CGU. For the purpose of impairment assessment of hotel properties under development, the relevant hotel buildings under development and freehold land have been allocated into individual CGU. The recoverable amount of each CGU is defined as the higher of the fair value less costs of disposal and its value in use. If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount and an impairment loss is recognised.

For CGUs of hotel properties in the Mainland China and Australia with carrying amounts of HK\$1,159,961,000 and HK\$219,840,000 respectively (2022: certain hotel properties of HK\$2,424,915,000 in the Mainland China), the management adopts fair value less costs of disposal approach for calculating the recoverable amounts of these CGUs individually for the impairment test. The calculation is based on the market comparison method, which is based on a per room basis on actual sales transaction and offering of comparable property during the year that have been made, subject to appropriate adjustments made for variable factors, including location and grading. The carrying amounts of the hotel properties does not exceed the recoverable amount based on fair value less costs of disposal approach and no impairment has been recognised in current year and prior year.

For a CGU of hotel property in the USA with carrying amount of HK\$1,661,403,000 for the year ended 31 December 2022, in determining the fair value less costs of disposal, the Group engaged independent professional property valuers to perform valuation. The management worked closely with the independent professional property valuers to establish the appropriate valuation techniques and inputs to the model. The discounted cash flow analysis for these CGUs was individually established based on analysis of historical data and assumptions about future market conditions. Based on the result of the assessment, management of the Group determined that the recoverable amount of the hotel property in the USA was higher than that of the carrying amount, and reversal of impairment loss of HK\$274,082,000 has been recognised in prior year. No impairment indicator is noted for the year ended 31 December 2023.

For CGUs of hotel properties with carrying amounts of HK\$1,165,443,000 in New Zealand and HK\$233,834,000 in Australia for the year ended 31 December 2022, given that there is no independent professional property valuer to perform valuation, the management believes that it is more appropriate to adopt value in use approach for calculating the recoverable amounts of these CGUs individually for the impairment test. The calculation was based on cash flow projections covering the following 5 years with the assumptions of (i) the occupancy rates; (ii) the use of pre-tax discount rates from 6.5% to 9.25%; and (iii) the use of terminal capitalisation rates from 5% to 7% to estimate return of the hotel properties beyond 5 years. The carrying amounts of the hotel properties did not exceed the recoverable amount based on value in use and no impairment had been recognised for the year ended 31 December 2022. No impairment indicator is noted for hotel properties in New Zealand for the year ended 31 December 2023.

There is no impairment recognised for the Group of other CGUs that include allocation of corporate assets for the current and prior year.

16. INTERESTS IN JOINT VENTURES

	2023 HK\$'000	2022 HK\$'000
Cost of investments in joint ventures (note 1)	459,545	386,302
Share of post-acquisition results and other comprehensive income, net of dividend received	(244,713)	(177,429)
	214,832	208,873
Amounts due from joint ventures (note 2)	1,077,793	51,446
	1,292,625	260,319

Notes:

1. Included an amount due from a joint venture of HK\$282,818,000 (2022: HK\$209,588,000) which is in substance form part of the Group's net investment in the joint venture. The amount is unsecured and non-interest bearing.
2. Included an amount of HK\$1,070,000,000 (2022: HK\$51,154,000 which was denominated in Pound Sterling) which is unsecured, repayable on demand and carried interest at a rate to be agreed between the lender and the borrower. The amounts are classified as non-current as the management expects to demand repayment of the amount over twelve months after the reporting period.

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

The Group's interests in joint ventures amounting to HK\$214,832,000 as at 31 December 2023 (2022: HK\$208,873,000) are accounted for using the equity method in these consolidated financial statements.

Pursuant to the shareholders' agreement signed between an indirect non-wholly owned subsidiary of the Company and various independent third party investors on 9 April 2021, Athene Investment (BVI) Limited ("Athene Investment") was established as a joint venture for holding the leasehold interests in a property situated in London, the UK.

Pursuant to the memorandum of agreement signed between an indirect wholly owned subsidiary of the Company and various independent third parties on 11 September 2023, Fansway Limited was established as a joint venture to submit the tender for a site situated in Kai Tak, Kowloon (the "KT Site"), which after the successful tender for the KT Site shall develop it into a residential and retail development.

Pursuant to the memorandum of agreement signed between an indirect wholly owned subsidiary of the Company and various independent third parties on 16 November 2023, Excel Hope Limited was established as a joint venture to submit the tender for a site situated in Kowloon City, Kowloon (the "KC Site"), which after the successful tender for the KC Site shall develop it into a residential and commercial development.

Particulars regarding the joint ventures are set out in note 44.

16. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information of material joint venture

The summarised financial information in respect of the Group's material joint venture at 31 December 2023 and 31 December 2022 are set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with International Financial Reporting Standards.

Athene Investment

	2023 HK\$'000	2022 HK\$'000
Current assets	124,615	76,525
Non-current assets	2,070,280	2,279,863
Current liabilities	1,479,889	287,236
Non-current liabilities	14,903	1,373,524
The above amounts of assets and liabilities include the followings:		
Investment properties	1,818,403	1,972,960
Cash and cash equivalents	74,896	66,162
Current financial liabilities (excluding trade, other payable and provisions)	1,442,388	195,408
Non-current financial liabilities (excluding trade, other payable and provisions)	14,903	1,373,524

	2023 HK\$'000	2022 HK\$'000
Net property income	86,994	84,655
Loss from continuing operations	(256,858)	(157,436)
Total comprehensive expense for the year	(256,858)	(157,436)
The above loss for the year include the followings:		
Interest income (expense)	4,313	(40,574)
Income tax expense	(6,792)	(45,909)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2023 HK\$'000	2022 HK\$'000
Net assets of Athene Investment	700,103	695,628
Proportion of the Group's ownership interest in Athene Investment	27%	27%
Carrying amount of the Group's interest in Athene Investment	189,028	187,820

16. INTERESTS IN JOINT VENTURES (continued)

Aggregate information of joint ventures that are not individually material

	2023 HK\$'000	2022 HK\$'000
The Group's share of profit (loss) for the year	93,895	(730)
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive income (expense)	93,895	(730)
Aggregate carrying amount of the Group's interests in the joint venture	25,804	21,053

17. INTERESTS IN ASSOCIATES

	2023 HK\$'000	2022 HK\$'000
Cost of investments in associates	134,336	134,336
Share of post-acquisition profit and other comprehensive income, net of dividend received	83,631	69,682
	217,967	204,018

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

Pursuant to the subscription and shareholders' agreement signed between an indirect non-wholly owned subsidiary of the Company and certain independent third party investors in April 2022, IEH Holdings Limited was established as an associate for holding the equity interests in a pastry business in Hong Kong.

Pursuant to the acquisition and shareholders' agreement signed between an indirect wholly owned subsidiary of the Company and an independent third party investor in August 2022, Tonkichi Holdings Limited was established as an associate for holding the equity interests in a business engaging in restaurant chain operations in Hong Kong.

Particulars regarding the associates are set out in note 45.

At 31 December 2023 and 31 December 2022, the Group's interest in associates were not individually material to the Group.

17. INTERESTS IN ASSOCIATES (continued)

Aggregate information of associates that are not individually material

	2023 HK\$'000	2022 HK\$'000
The Group's share of profit for the year	14,158	17,102
The Group's share of other comprehensive income	8,612	1,748
The Group's share of total comprehensive income	22,770	18,850
Dividends received from associates during the year	8,821	5,454
Aggregate carrying amount of the Group's interests in these associates	217,967	204,018

18. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HK\$'000	2022 HK\$'000
Listed equity securities in Hong Kong	175,183	298,765
Listed equity securities outside Hong Kong	444,759	721,155
Unlisted equity securities in Hong Kong	93,609	142,270
Unlisted equity securities outside Hong Kong	735,466	781,305
	1,449,017	1,943,495

The Directors have elected to designate these investments as equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

19. NOTES AND LOAN RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Notes receivables (note a)	121,905	487,013
Loan receivables (note b)	219,511	219,664
Mortgage loan receivables (note c)	80,409	97,398
	421,825	804,075
Less: Amounts due within one year shown under current assets	(67,149)	(371,341)
Amounts due after one year	354,676	432,734

19. NOTES AND LOAN RECEIVABLES (continued)

Notes:

(a) Notes receivables

At 31 December 2023, the Group held secured bonds with principal amount of HK\$Nil (2022: HK\$10,468,000) and unsecured bonds with principal amounts of HK\$121,905,000 (2022: HK\$476,545,000). Details of the notes receivables are set out below:

2023:

Nominal values	Interest rate (per annum)	Maturity
United States dollar ("US\$") 500,000 to US\$6,860,000	1.5% to 8.0%	May 2024 to May 2026
US\$1,000,000	4.1%	Perpetual
Australian dollar ("AU\$") 2,098,000	4.54%	March 2024

2022:

Nominal values	Interest rate (per annum)	Maturity
US\$200,000 to US\$4,000,000	1.5% to 7.875%	March 2023 to May 2026
AU\$2,010,000 to AU\$5,000,000	3.1% to 3.66%	March 2023
Canadian dollar ("C\$") 30,381,000	4.78%	March 2023
Euro ("EUR") 2,500,000	1.83%	February 2023

Included in the carrying amount of notes receivables as at 31 December 2023 is accumulated allowance for credit losses of HK\$174,890,000 (2022: HK\$164,410,000). During the year, the Group recognised HK\$10,436,000 (2022: HK\$59,182,000) allowance for credit losses on notes receivables in the consolidated income statement. Details of impairment assessment of notes receivables are set out in note 41.

(b) Loan receivables

At 31 December 2023, the Group held loan receivables with aggregate carrying amount of US\$28,100,000 (equivalent to approximately HK\$219,511,000) (2022: US\$28,128,000 (equivalent to approximately HK\$219,664,000)), which bears interest at 1.69% to 6% per annum and have a maturity dates ranging from 2025 to 2027.

(c) Mortgage loan receivables

Mortgage loan receivables are secured by second mortgages on properties and repayable by monthly instalments with tenors not more than 25 years at the year end date and carry interest at rates with reference to banks' lending rates.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2023		2022	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Interest rate swaps	–	12,278	84,109	14,306
Cross currency swaps	34,076	–	–	8,535
Foreign currency derivative contracts	53,654	–	43,867	2,753
	87,730	12,278	127,976	25,594
Less: Would be matured within one year shown under current assets/liabilities	(50,312)	–	(127,976)	(2,753)
Would be matured after one year	37,418	12,278	–	22,841

20. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The Group entered into interest rate swaps with aggregate notional amount of HK\$1,500,000,000 (2022: HK\$5,000,000,000) to manage the exposure to the interest rate risk on the Group's floating-rate borrowings by swapping a proportion of those borrowings from floating rate of Hong Kong Interbank Offered Rate ("HIBOR") to fixed rate ranging from 3.975% to 3.995% (2022: 0.83% to 3.995%). The Group also entered into interest rate swaps and cross currency swaps to manage the exposure to the Group's interest rates risk and currency risk on the floating rate loans denominated in other currencies. In addition, the Group used foreign currency derivative contracts to manage its exposure to foreign exchange rate movements.

The fair values of foreign currency derivative contracts, interest rate swaps and cross currency swaps at the end of the reporting periods are provided by counterparty banks and their maturity dates are detailed as follows:

2023:

	Maturity
Interest rate swaps	October 2025 to December 2025
Cross currency swaps	June 2027
Foreign currency derivative contracts	January 2024 to February 2025

2022:

	Maturity
Interest rate swaps	May 2023 to December 2025
Cross currency swaps	June 2027
Foreign currency derivative contracts	January 2023 to June 2023

21. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING

	2023 HK\$'000	2022 HK\$'000
Derivative as assets		
Designated as cash flow hedge		
– interest rate swaps (note i)	45,895	111,038
– cross currency swaps (note ii)	–	16,660
	45,895	127,698
Analysed for reporting purpose:		
Shown under current assets	45,895	16,109
Shown under non-current assets	–	111,589
	45,895	127,698
Derivative as liabilities		
Designated as cash flow hedge		
– interest rate swaps (note i)	23,183	24,937
– cross currency swaps (note ii)	84,748	13,185
	107,931	38,122
Analysed for reporting purpose:		
Shown under non-current liabilities	107,931	38,122

Notes:

(i) Interest rate swaps

As at 31 December 2023 and 2022, the Group entered into interest rate swap contracts to minimise its exposure to fluctuations in interest rates of its bank borrowings which bear interest at a floating rate of HIBOR plus 0.88% to 0.95% (2022: HIBOR plus 0.88% to 0.95%) per annum. The critical terms of the interest rate swaps and the corresponding bank borrowings are identical and the Directors considered that the interest rate swap contracts were highly effective hedging instruments and qualified as cash flow hedges.

	2023	2022
Carrying amount – assets (HK\$'000)	22,712	86,101
Notional amount (HK\$'000)	3,900,000	3,900,000
Maturity date	28 June 2024 to 29 June 2026	28 June 2024 to 29 June 2026
Change in fair value of outstanding instruments during the year (HK\$'000)	21,503	116,974
Change in value of hedged item used to determine hedge effectiveness during the year (HK\$'000)	(21,503)	(116,974)
Weighted average swap rate per annum (before interest margin)	2.07%	2.07%

(ii) Cross currency swaps

As at 31 December 2023 and 2022, the Group entered into cross currency swap contracts to minimise its exposure to fluctuations in foreign currency exchange rates and interest rate of certain of its medium term notes denominated in US\$. The critical terms of the cross currency swaps and the corresponding medium term notes are identical and the Directors considered that the cross currency swaps were highly effective hedging instruments and qualified as cash flow hedges.

	2023	2022
Carrying amount – (liabilities)/assets (HK\$'000)	(84,748)	3,475
Notional amount (US\$'000)	300,000	639,400
Maturity date	15 June 2030	17 January 2023 to 15 June 2030
Change in fair value of hedging instruments during the year (HK\$'000)	(85,534)	(9,547)
Change in value of hedged item used to determine hedge effectiveness during the year (HK\$'000)	85,534	9,547
Weighted average exchange rate (US\$: HK\$)	7.8176	7.7829

21. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING (continued)

Notes: (continued)

(iii) Hedging reserve

	Cross currency swaps HK\$'000	Interest rate swaps HK\$'000	Total hedging reserves HK\$'000
As at 1 January 2022	(6,584)	(20,414)	(26,998)
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedge	(9,547)	116,974	107,427
Reclassification of fair value adjustments to profit or loss	1,092	(1,211)	(119)
Deferred tax related to fair value adjustments recognised in other comprehensive income	–	(14,207)	(14,207)
Reclassification of amount attributable to non-controlling unitholders of Champion REIT	2,631	(32,370)	(29,739)
As at 31 December 2022	(12,408)	48,772	36,364
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedge	(85,534)	21,503	(64,031)
Reclassification of fair value adjustments to profit or loss	20,844	(85,453)	(64,609)
Deferred tax related to fair value adjustments recognised in other comprehensive income	–	10,460	10,460
Reclassification of amount attributable to non-controlling unitholders of Champion REIT	89,517	(52,647)	36,870
As at 31 December 2023	12,419	(57,365)	(44,946)

The fair values of the above derivatives are based on the valuations provided by the counterparty financial institutions and details of valuation techniques and key inputs used are disclosed in note 41(f).

22. STOCK OF PROPERTIES

	2023 HK\$'000	2022 HK\$'000
Properties under development for sale (note a)	9,890,623	9,905,453
Properties held for sale (note b)	1,573,350	2,163,429
	11,463,973	12,068,882

Notes:

- (a) In February 2021, the Group entered into various agreements with MTR Corporation Limited (the original owner of a piece of land in Ho Man Tin, Kowloon, which is subject to development) and other interest parties including the preceding developer for the development of the relevant land (the "HMT Project"). Pursuant to the terms of these agreements, the Group became the succeeding developer of the HMT Project.
- (b) Properties held for sale includes a residential site in Pak Shek Kok, Tai Po at the land premium of HK\$2,412,000,000 acquired in 2014. Occupation permit of the development was obtained in June 2020.

As at the end of the reporting period, the Directors assessed whether there exists any objective evidence of impairment of the stock of properties held. No recognition of write-down of stock of properties is required as at 31 December 2023 and 2022.

23. INVENTORIES

	2023 HK\$'000	2022 HK\$'000
Raw materials	5,741	5,781
Trading goods	2,887	4,322
Provisions and beverages	45,937	42,876
Work-in-progress	29,482	74,874
	84,047	127,853

24. DEBTORS, DEPOSITS AND PREPAYMENTS

	2023 HK\$'000	2022 HK\$'000
Trade debtors, net of allowance for doubtful debts	274,850	292,416
Deferred lease receivables	86,570	98,530
Retention money receivables	10,686	8,757
Other receivables, net of credit losses on interest receivables	131,637	176,808
Deposits and prepayments	228,345	314,252
	732,088	890,763

Included in the balance of debtors, deposits and prepayments are trade debtors (net of allowance of doubtful debts) of HK\$274,850,000 (2022: HK\$292,416,000). For hotel income and sale of goods, the Group allows an average credit period of 30 – 60 days to certain trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices.

The trade receivables from contracts with customers and retention money receivables are as follows:

	2023 HK\$'000	2022 HK\$'000
Trade receivables from contracts with customers	243,663	238,855
Retention money receivables	10,686	8,757
Amount due within one year	(5,660)	(7,488)
Amount due after one year	5,026	1,269

As at 1 January 2022, trade receivables from contracts with customers and retention money receivables amounted to HK\$119,123,000 and HK\$8,042,000, respectively.

Deposits and prepayments mainly consist of rental deposit paid, prepaid agency commissions of property sale and prepaid expenses for hotel operations.

24. 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:

	2023 HK\$'000	2022 HK\$'000
Within 3 months	245,706	244,428
More than 3 months but within 6 months	16,600	16,026
Over 6 months	12,544	31,962
	274,850	292,416

As at 31 December 2023, included in the Group's trade debtors balance are debtors with aggregate carrying amount of HK\$51,538,000 (2022: HK\$78,542,000) which are past due at the reporting date for which the Group has not provided any allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2023 are set out in note 41.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK\$'000	2022 HK\$'000
Equity linked notes	31,828	4,026
Currency linked notes	–	24,037
Liquidity funds	119,184	–
Listed equity securities held for trading	520,280	511,779
	671,292	539,842

At the end of the reporting period, all the listed equity securities were stated at fair values which have been determined by reference to closing prices quoted in the active markets.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The Group had entered into equity and currency linked notes and liquidity funds with banks, the redemption amount and interest rates vary depending on various conditioning terms and different strike prices, further details are as follows:

As at 31 December 2023

Nominal values/principals	Maturity period
Equity linked notes	
HK\$10,000,000	6 months
US\$800,000 to US\$1,000,000	6 months
Liquidity funds	
US\$4,435,000 to US\$10,822,000	N/A

As at 31 December 2022

Nominal values	Maturity period
Equity linked notes	
HK\$4,000,000	4 months
Currency linked notes	
JPY139,399,000 to JPY140,171,000	9 months
AU\$815,000 to AU\$820,000	6 months

26. RESTRICTED CASH, TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS AND BANK BALANCES AND CASH

Restricted cash

Restricted cash represented an amount equivalent to HK\$117,234,000 (2022: HK\$53,288,000) carried market interest rates ranging from 0% to 5.66% (2022: 0% to 1.495%) per annum was placed in designated bank account pursuant to applicable loan facilities requirements.

Time deposits with original maturity over three months

The amount represented time deposits carried market interest rates of 5.41% to 5.79% (2022: 5.42% to 5.66%) per annum with original maturity over three months but not exceeding one year for the year ended 31 December 2023.

Bank balances and cash

Cash at banks carried interest at prevailing market rates. Short-term bank deposits with original maturity of less than three months carried interest at a market rates ranging from 0.95% to 5.99% (2022: 0.001% to 5.28%) per annum.

27. CREDITORS, DEPOSITS AND ACCRUALS

	2023 HK\$'000	2022 HK\$'000
Trade creditors	297,651	323,691
Deposits received	704,932	709,993
Customer deposits and other deferred revenue	498,044	413,609
Construction fee payable and retention money payable	49,401	646,393
Accruals, interest payable and other payables (note)	2,595,114	4,625,900
	4,145,142	6,719,586

Note: With reference to the HMT Project as disclosed in note 22, the estimated sharing of surplus proceeds amounted to HK\$220,000,000 (2022: the aggregate of the remaining lump sum payment and the estimated sharing of surplus proceeds amounted to HK\$2,367,000,000), which is measured at fair value, is included in the accruals, interest payable and other payables as at 31 December 2023.

In determining the sharing of surplus proceeds of the HMT Project, the Directors have taken into account the expectation of forecast sales and budgeted costs of the development, which involves the application of significant judgement and estimates. Inputs and assumption reflecting the best estimation of the Directors are used based on the then available information. Notwithstanding periodic reviews and revisions of these estimates at each subsequent reporting dates, the assumptions and expectations may change when more information become known and/or available so that the actual sharing of surplus proceeds may be higher or lower than the estimated amount. Any changes would be reflected in the financial statements in the period when such changes occur.

Included in the accruals is accrual of stamp duty based on the current stamp duty rate of 4.25% (2022: 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, interest payable 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:

	2023 HK\$'000	2022 HK\$'000
Within 3 months	288,783	312,415
More than 3 months but within 6 months	4,324	7,668
Over 6 months	4,544	3,608
	297,651	323,691

Customer deposits and other deferred revenue comprised:

	2023 HK\$'000	2022 HK\$'000
Hotel operations	264,137	243,147
Sale of properties	210,351	141,960
Sale of goods	2,228	5,253
Others	21,328	23,249
	498,044	413,609

27. CREDITORS, DEPOSITS AND ACCRUALS (continued)

As at 1 January 2022, customer deposits and other deferred revenue amounted to HK\$418,706,000.

Timing of satisfying the performance obligations of hotel operations and sale of goods and typical timing of payment are set out in note 5(ii).

The following table shows how much of the revenue recognised in the current year that are included in the customer deposits and other deferred revenue balance at the beginning of the year.

	2023 HK\$'000	2022 HK\$'000
Hotel operations	91,633	74,171
Sale of properties	33,864	108,102
Sale of goods	4,300	2,240
Others	22,433	19,148
	152,230	203,661

28. BORROWINGS

	2023 HK\$'000	2022 HK\$'000
Bank loans and revolving loans	30,115,599	26,051,946
Other loans	218,730	218,666
	30,334,329	26,270,612
Loan front-end fee	(90,573)	(93,975)
	30,243,756	26,176,637

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

	2023 HK\$'000	2022 HK\$'000 (Restated)
Within one year	17,862,291	7,955,706
More than one year but not exceeding two years	860,771	7,692,462
More than two years but not exceeding five years	11,520,694	10,528,469
	30,243,756	26,176,637
Less: Amounts due within one year shown under current liabilities	(17,862,291)	(7,955,706)
Amounts due after one year shown under non-current liabilities	12,381,465	18,220,931

Borrowings amounting to HK\$14,788,270,000 (2022: HK\$14,067,830,000) were secured by way of legal charges over certain of the Group's assets and business undertakings.

28. BORROWINGS (continued)

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates are as follows:

	2023 HK\$'000	2022 HK\$'000
More than two years but not exceeding three years	234,354	–
More than three years but not exceeding four years	–	233,383
	234,354	233,383

The exposure of the Group's floating-rate borrowings and the contractual maturity dates are as follows:

	2023 HK\$'000	2022 HK\$'000 (Restated)
Within one year	17,862,291	7,955,706
More than one year but not exceeding two years	860,771	7,692,462
More than two years but not exceeding three years	4,382,369	4,210,899
More than three years but not exceeding four years	5,672,147	3,331,852
More than four years but not exceeding five years	1,231,824	2,752,335
	30,009,402	25,943,254

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

	2023	2022
Fixed-rate borrowings	1%	1% to 2.86%
Variable-rate borrowings	0.55% to 7.16%	0.31% to 4.75%

The Group entered into interest rate swaps and cross currency swaps to manage the exposure to interest rate risk and currency risk of the floating-rate borrowings as disclosed in notes 20 and 21.

As at 31 December 2023, unsecured revolving loan of HK\$1,972,428,000 was classified as non-current liabilities. The related revolving loan facilities are to be due after one year from the end of the reporting period. The Group have to comply with the further conditions precedent as stipulated in the respective loan agreements upon each utilisation.

29. MEDIUM TERM NOTES

	2023 HK\$'000	2022 HK\$'000
Medium term notes	4,043,540	7,060,441
Origination fees	(29,923)	(36,105)
	4,013,617	7,024,336
Less: Amount due within one year shown under current liabilities	(199,985)	(3,017,389)
Amount due after one year shown under non-current liabilities	3,813,632	4,006,947

29. MEDIUM TERM NOTES (continued)

The maturity of the medium term notes is as follows:

	2023 HK\$'000	2022 HK\$'000
Within one year	199,985	3,017,389
More than one year but not exceeding two years	1,221,110	199,965
More than two years but not exceeding five years	274,838	1,218,735
More than five years	2,317,684	2,588,247
	4,013,617	7,024,336
Less: Amount due within one year shown under current liabilities	(199,985)	(3,017,389)
Amount due after one year shown under non-current liabilities	3,813,632	4,006,947

The major terms of the issued medium term notes are set out below:

As at 31 December 2023

Principal amount	Coupon rate (per annum)
US\$300,000,000	2.95%
HK\$1,700,000,000	Fixed rates ranging from 2.75% to 4.00%

As at 31 December 2022

Principal amount	Coupon rate (per annum)
US\$686,400,000	2.95% to 3.75%
HK\$1,700,000,000	Fixed rates ranging from 2.75% to 4.00%

The Group also entered into interest rate swaps and cross currency swaps, details of which are set out in note 21.

30. LEASE LIABILITIES

	2023 HK\$'000	2022 HK\$'000
Within one year	7,347	5,407
More than one year but not exceeding two years	7,380	2,031
More than two years but not exceeding five years	26,040	4,332
More than five years	302,553	–
	343,320	11,770
Less: Amount due within one year shown under current liabilities	(7,347)	(5,407)
Amount due after one year shown under non-current liabilities	335,973	6,363

The weighted average incremental borrowing rates applied to lease liabilities range from 1.07% to 5.97% (2022: from 1.10% to 2.62%) per annum.

31. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting years:

	Investment properties and property, plant and equipment HK\$'000	Right- of-use assets HK\$'000	Lease liabilities HK\$'000	Tax losses HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2022	1,487,800	–	–	(231,180)	(37,608)	1,219,012
Exchange differences	(17,891)	–	–	340	470	(17,081)
Charge (credit) to profit or loss for the year	102,914	–	–	8,909	(41,316)	70,507
Charge to other comprehensive income for the year	–	–	–	–	14,207	14,207
At 31 December 2022	1,572,823	–	–	(221,931)	(64,247)	1,286,645
Exchange differences	3,362	–	–	(84)	(43)	3,235
Charge (credit) to profit or loss for the year	19,746	53,468	(55,460)	35,683	(8,309)	45,128
Credit to other comprehensive income for the year	–	–	–	–	(10,460)	(10,460)
Effect of change in tax rate	26,396	–	–	–	–	26,396
At 31 December 2023	1,622,327	53,468	(55,460)	(186,332)	(83,059)	1,350,944

For the purposes of presentation in the consolidated statement of financial position, deferred tax assets and liabilities have been offset and shown under non-current liabilities.

At the end of the reporting period, the Group has unutilised tax losses of HK\$5,579,715,000 (2022: HK\$5,559,218,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK\$947,294,000 (2022: HK\$1,134,264,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$4,632,421,000 (2022: HK\$4,424,954,000) due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary difference of HK\$334,167,000 (2022: HK\$334,167,000) arising from impairment losses recognised in respect of hotel properties. A deferred tax asset has been recognised in respect of HK\$334,167,000 (2022: HK\$334,167,000) of such deductible temporary difference.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries operating in the USA, Australia and Canada for which deferred tax liabilities have not been recognised was HK\$1,991,172,000 (2022: HK\$1,711,966,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

32. SHARE CAPITAL

	2023		2022	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised: Shares of HK\$0.50 each				
Balance brought forward and carried forward	1,200,000	600,000	1,200,000	600,000
Issued and fully paid: Shares of HK\$0.50 each				
Balance brought forward	747,723	373,862	731,040	365,520
Issued as scrip dividends	–	–	16,683	8,342
Balance carried forward	747,723	373,862	747,723	373,862

During the year ended 31 December 2022, 16,682,933 shares of HK\$0.50 each in the Company were issued at HK\$15.98 per share as scrip dividends.

33. RETIREMENT BENEFIT SCHEMES

The Group has established various retirement benefit schemes for the benefit of its staff in Hong Kong and overseas. In Hong Kong, the Group operates several defined contribution schemes for qualifying employees. The schemes are registered under the Occupational Retirement Schemes Ordinance. The assets of the schemes are administered by independent third parties and are held separately from the Group's assets. The schemes are funded by contributions from both employees and employers at rates ranging from 5% to 10% of the employee's basic monthly salary. Arrangements for staff retirement benefits of overseas employees vary from country to country and are made in accordance with local regulations and custom.

The Occupational Retirement Scheme in Hong Kong had been closed to new employees as a consequence of the new Mandatory Provident Fund Pension Legislation introduced by The Government of Hong Kong Special Administrative Region in 2000.

From 1 December 2000 onwards, new staff in Hong Kong joining the Group are required to join the new Mandatory Provident Fund Scheme. The Group is required to contribute 5%, while the employees are required to contribute 5% of their salaries to the scheme, subject to minimum and maximum relevant income levels.

Forfeited contributions to retirement schemes for the year ended 31 December 2023 amounting to HK\$3,474,000 (2022: HK\$3,255,000) have been used to reduce the existing level of contributions. Total contributions to retirement fund schemes for the year ended 31 December 2023 charged to the consolidated income statement amounted to HK\$102,491,000 (2022: HK\$88,102,000). As at 31 December 2023, contributions of HK\$2,818,000 (2022: HK\$6,375,000) due in respect of the year had not been paid over to the schemes.

34. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2023, the Group entered into a new lease agreement for the use of leased properties for 20 years. On the lease commencement, the group recognised right-of-use assets and lease liabilities of HK\$332,359,000 and HK\$332,359,000 respectively.

During the year ended 31 December 2022, 16,682,933 shares of HK\$0.50 each in the Company were issued at HK\$15.98 per share as scrip dividends.

35. PLEDGE OF ASSETS

At 31 December 2023, the Group pledged the following assets for credit facilities granted to its subsidiaries:

- (a) the Group's investment properties with a total carrying value of HK\$256,726,000 (2022: HK\$266,902,000) together with assignments of sales proceeds, insurance proceeds, rental income, revenue and all other income generated from the relevant property;
- (b) the Group's freehold land, leasehold land and hotel buildings and furniture and fixtures with a total carrying value of HK\$10,263,519,000 (2022: HK\$10,720,425,000); and
- (c) the Group's stock of properties with a total carrying value of HK\$9,890,623,000 (2022: HK\$9,905,453,000).

36. SHARE OPTIONS

In accordance with a share option scheme of the Company (formerly Executive Share Option Scheme), which was adopted pursuant to an ordinary resolution passed on 10 June 1999 and amended by an ordinary resolution passed on 20 December 2001 (the "1999 Share Option Scheme"), the Board of Directors of the Company may grant options to eligible officers, employees, associates, agents and contractors, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At the 2009 Annual General Meeting of the Company held on 27 May 2009, ordinary resolutions were proposed to approve the adoption of a new share option scheme (the "2009 Share Option Scheme") and termination of the operation of the 1999 Share Option Scheme. The resolutions were approved by the shareholders of the Company and the 2009 Share Option Scheme became effective for a period of 10 years, commencing on 27 May 2009.

Since the 2009 Share Option Scheme was due to expire on 26 May 2019, at the 2019 Annual General Meeting of the Company held on 22 May 2019, ordinary resolutions were proposed to approve the adoption of a new share option scheme (the "2019 Share Option Scheme") and termination of the operation of the 2009 Share Option Scheme. The resolutions were approved by the shareholders of the Company and the 2019 Share Option Scheme became effective for a period of 10 years, commencing on 22 May 2019.

Further details of the 2009 Share Option Scheme

- a. The purpose of the 2009 Share Option Scheme is to motivate officers, employees, associates, agents and contractors of the Company or any of its subsidiaries (the "Participant(s) of the 2009 Share Option Scheme") and to allow them to participate in the growth of the Company.
- b. A Participant of the 2009 Share Option Scheme as determined by the Board of Directors of the Company include any person the Board of the Directors of the Company may select to be offered an option, subject to compliance with applicable laws, including, without limitation, any full-time or part-time employee of the Company or any of its subsidiaries, any executive or non-executive directors of the Company or any of its subsidiaries and any associate, agent or contractor of the Company or any of its subsidiaries.

36. SHARE OPTIONS (continued)

Further details of the 2009 Share Option Scheme (continued)

- c. The total number of ordinary shares of HK\$0.50 each in the share capital of the Company (the "Shares") which may be issued upon exercise of all options to be granted under the 2009 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of adoption of the 2009 Share Option Scheme.
- d. The total number of Shares issued and to be issued upon exercise of the options granted to each Participant under the 2009 Share Option Scheme and any other option schemes of the Company (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of Shares in issue.
- e. The period within which the Shares must be taken up under an option is 36 months commencing on the expiry of 24 months after the date upon which the option is deemed to be granted and accepted and expiring on the last day of the 36-month period.
- f. Any Participant of the 2009 Share Option Scheme who accepts an offer of the grant of an option in accordance with the terms of the scheme shall pay to the Company HK\$1.00 by way of consideration for the grant thereof within a period of 28 days from the date on which an option is offered to the Participant ("Date of Grant").
- g. The subscription price shall be determined by the Board of Directors of the Company and notified to a Participant of the 2009 Share Option Scheme and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, which must be a business day ("Business Day") (as defined in the Listing Rules); (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Date of Grant; and (iii) the nominal value of a Share on the Date of Grant, and as subsequently adjusted pursuant to the terms of the 2009 Share Option Scheme, if relevant.
- h. The 2009 Share Option Scheme has a life of 10 years commenced on 27 May 2009.

Further details of the 2019 Share Option Scheme

- a. The purpose of the 2019 Share Option Scheme is to motivate officers, employees, business associates, agents, contractors, business partners, consultants, advisers, suppliers, customers, subcontractors, joint venture partners or business alliances (the "Participant(s) of the 2019 Share Option Scheme") of the Company or any subsidiaries, associated companies and/or joint ventures of the Company ("Member(s) of the Group") and to allow them to participate in the growth of the Company.
- b. A Participant of the 2019 Share Option Scheme as determined by the Board of Directors of the Company include any person the Board of Directors of the Company may select to be offered an option, subject to compliance with applicable laws, including, without limitation, any full-time or part-time employee of the Company or any Member of the Group, any executive or non-executive directors of the Company or any Member of the Group and any business associate, agent, contractor, business partner, consultant, adviser, supplier, customer, subcontractor, joint venture partner or business alliance of the Company or any Member of the Group.
- c. The total number of Shares available for issue under the 2019 Share Option Scheme is 70,047,303, representing 9.37% of the issued shares of the Company as at the date of approval for issuance of these consolidated financial statements.

36. SHARE OPTIONS (continued)

Further details of the 2019 Share Option Scheme (continued)

- d. The total number of Shares which may be issued upon exercise of all options to be granted under the 2019 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date of adoption of the 2019 Share Option Scheme.
- e. The total number of Shares issued and to be issued upon exercise of the options granted to each Participant under the 2019 Share Option Scheme and any other option schemes of the Company (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the total number of shares of the Company in issue.
- f. The period within which the Shares must be taken up under an option is 36 months commencing on the expiry of 24 months after the date upon which the option is deemed to be granted and accepted and expiring on the last day of the 36-month period.
- g. Any Participant of the 2019 Share Option Scheme who accepts an offer of the grant of an option in accordance with the terms of the scheme shall pay to the Company HK\$1.00 by way of consideration for the grant thereof within a period of 28 days from the date on which an option is offered to the Participant.
- h. The subscription price shall be determined by the Board of Directors of the Company and notified to a Participant of the 2019 Share of the Company Option Scheme and shall be at least the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, which must be a Business Day (as defined in the Listing Rules); (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Date of Grant; and (iii) the nominal value of a Share on the Date of Grant, and as subsequently adjusted pursuant to the terms of the 2019 Share Option Scheme, if relevant.
- i. The 2019 Share Option Scheme has a life of 10 years commenced on 22 May 2019.

The following tables disclose details of the Company's share options held by employees, including Directors, and movements in such holdings under the 2009 Share Option Scheme and 2019 Share Option Scheme during the year:

2009 Share Option Scheme

In 2023 Year of grant of options	Number of shares		
	Outstanding options at 1 January 2023	Options lapsed	Outstanding options at 31 December 2023
2018	3,349,000	(3,349,000)	–
2019	3,774,000	(57,000)	3,717,000
	7,123,000	(3,406,000)	3,717,000
Exercisable at end of the year			3,717,000
Weighted average exercise price	HK\$40.63	HK\$42.34	HK\$39.05

36. SHARE OPTIONS (continued)

2009 Share Option Scheme (continued)

In 2022 Year of grant of options	Number of shares		
	Outstanding options at 1 January 2022	Options lapsed	Outstanding options at 31 December 2022
2017	2,842,000	(2,842,000)	–
2018	3,619,000	(270,000)	3,349,000
2019	4,120,000	(346,000)	3,774,000
	10,581,000	(3,458,000)	7,123,000
Exercisable at end of the year			7,123,000
Weighted average exercise price	HK\$39.69	HK\$37.75	HK\$40.63

2019 Share Option Scheme

In 2023 Year of grant of options	Number of shares			
	Outstanding options at 1 January 2023	Options granted	Options lapsed	Outstanding options at 31 December 2023
2020	4,036,000	–	(82,000)	3,954,000
2021	3,777,000	–	(88,000)	3,689,000
2022	4,510,000	–	(132,000)	4,378,000
2023	–	5,620,000	(387,000)	5,233,000
	12,323,000	5,620,000	(689,000)	17,254,000
Exercisable at end of the year				7,643,000
Weighted average exercise price	HK\$22.79	HK\$16.52	HK\$19.14	HK\$20.89

In 2022 Year of grant of options	Number of shares			
	Outstanding options at 1 January 2022	Options granted	Options lapsed	Outstanding options at 31 December 2022
2020	4,525,000	–	(489,000)	4,036,000
2021	4,277,000	–	(500,000)	3,777,000
2022	–	5,052,000	(542,000)	4,510,000
	8,802,000	5,052,000	(1,531,000)	12,323,000
Exercisable at end of the year				4,036,000
Weighted average exercise price	HK\$24.95	HK\$19.06	HK\$22.95	HK\$22.79

36. SHARE OPTIONS (continued)

Details of the share options held by the Directors under the 2009 Share Option Scheme and 2019 Share Option Scheme included in the above tables are as follows:

2009 Share Option Scheme

In 2023 Year of grant of options	Number of shares			Outstanding options at 31 December 2023
	Outstanding options at 1 January 2023	Options granted	Options lapsed	
2018 – 2019	3,854,000	–	(1,888,000)	1,966,000

In 2022 Year of grant of options	Number of shares			Outstanding options at 31 December 2022
	Outstanding options at 1 January 2022	Options granted	Options lapsed	
2017 – 2019	4,934,000	–	(1,080,000)	3,854,000

2019 Share Option Scheme

In 2023 Year of grant of options	Number of shares			Outstanding options at 31 December 2023
	Outstanding options at 1 January 2023	Options granted	Options lapsed	
2020 – 2023	5,276,000	1,900,000	–	7,176,000

In 2022 Year of grant of options	Number of shares			Outstanding options at 31 December 2022
	Outstanding options at 1 January 2022	Options granted	Options lapsed	
2020 – 2022	3,496,000	1,780,000	–	5,276,000

No option has been exercised under the 2009 Share Option Scheme and 2019 Share Option Scheme for the year ended 31 December 2022 and 2023.

36. SHARE OPTIONS (continued)

Details of options granted under the 2009 Share Option Scheme and the 2019 Share Option Scheme in each year are as follows:

Year	Date of grant	Exercisable period	Subscription price per share HK\$
2009 Share Option Scheme			
2017	14.3.2017	15.3.2019 – 14.3.2022	37.15
2018	14.3.2018	15.3.2020 – 14.3.2023	42.40
2018	8.5.2018	9.5.2020 – 8.5.2023	38.83
2019	14.3.2019	15.3.2021 – 14.3.2024	39.05
2019 Share Option Scheme			
2020	18.3.2020	19.3.2022 – 18.3.2025	21.65
2021	18.3.2021	19.3.2023 – 18.3.2026	28.45
2022	18.3.2022	19.3.2024 – 18.3.2027	19.06
2023	20.3.2023	21.3.2025 – 20.3.2028	16.52

Notes:

- (i) Consideration paid for each acceptance of grant of options was HK\$1.00.
- (ii) The vesting period for the option grant is 24 months from date of grant.
- (iii) The following significant assumptions were used to derive the fair value, using the Black-Scholes option pricing model:

Date of grant	Closing price per share as at the date of grant HK\$	Exercise price HK\$	Expected volatility (note a)	Expected dividend yield (note b)	Expected life from grant date	Risk free interest rate (note c)	Fair value per option HK\$
14.3.2017	37.15	37.15	25.21%	2.12%	5 years	2.20%	7.65
14.3.2018	41.87	42.40	18.63%	1.87%	5 years	2.49%	6.96
8.5.2018	37.75	38.83	18.79%	2.07%	5 years	2.76%	6.18
14.3.2019	39.05	39.05	19.23%	2.31%	5 years	2.24%	6.24
18.3.2020	20.80	21.65	22.48%	5.13%	5 years	1.50%	2.56
18.3.2021	28.45	28.45	34.58%	3.36%	5 years	1.01%	6.89
18.3.2022	19.06	19.06	33.54%	5.26%	5 years	2.15%	4.24
20.3.2023	16.08	16.52	25.35%	6.28%	5 years	3.17%	2.47

Notes:

- (a) The expected volatility was based on 5-year historical volatility of the Company's shares.
- (b) The expected dividend yield was based on 5-year historical dividends of the Company.
- (c) Risk free interest rate was approximated the yield of 5-year Exchange Fund Note on the date of grant.

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

36. SHARE OPTIONS (continued)

The Group recognised the total expense of HK\$16,552,000 for the year ended 31 December 2023 (2022: HK\$20,405,000) in relation to share options granted by the Company.

All the options forfeited before expiry of the options were treated as lapsed options under the relevant share option scheme.

37. COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2023, 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\$7,813,472,000 (2022: HK\$7,980,246,000) in aggregate of which HK\$622,453,000 (2022: HK\$906,456,000) was contracted for.

In December 2023, one of the joint venture company was awarded a tender of URA project at the land premium of HK\$1,934 million. The Group has to contribute 15% of the upfront payment amounted to HK\$290.1 million of which the initial deposit HK\$7.5 million was paid as at the end of December 2023 while the remaining balance of HK\$282.6 million was settled in January 2024.

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

38. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Property rental income earned during the year was HK\$2,477,189,000 (2022: HK\$2,497,221,000). The properties held had committed leases mainly running for the next one to six years for both years.

Contingent rental income was calculated based on the excess of certain percentage of revenue of the relevant operation that occupied certain of the properties over the fixed portion of the monthly rentals. Included in property rental income is contingent rental income earned during the year ended 31 December 2023 amounted to HK\$226,357,000 (2022: HK\$118,303,000).

Minimum lease payments receivable on leases are as follows:

	2023 HK\$'000	2022 HK\$'000
Within one year	1,814,058	1,847,704
In the second year	1,187,101	1,222,361
In the third year	365,494	602,850
In the fourth year	57,953	170,883
In the fifth year	22,950	62,542
After five years	14,719	10,783
	3,462,275	3,917,123

Where leases are negotiated at a fixed rate for the first few years, but subject to renegotiation for the remaining contracted lease terms, the minimum lease payments are calculated based on the latest negotiated rent, if any.

38. OPERATING LEASE ARRANGEMENTS (continued)

The Group as lessee

At the end of reporting period, the Group has lease commitments of HK\$2,223,000 (2022: HK\$596,000) for short-term leases which fall due within one year and lease commitments of HK\$1,988,000 (2022: HK\$124,000) for short-term leases which fall due in second year.

39. CONNECTED AND RELATED PARTY DISCLOSURES

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

	2023 HK\$'000	2022 HK\$'000
Transaction with a related party for the year ended 31 December		
Dr. Lo Ka Shui		
Management fee income	1,371	1,344

	2023 HK\$'000	2022 HK\$'000
Transactions with related companies for the year ended 31 December		
Shui On Land Limited and its subsidiaries ¹		
Lease payment	–	1,159
Hotel income	770	524
Management fee expenses	3,161	3,450
Shui Sing (BVI) Limited and its subsidiaries ²		
Management fee income	264	264
Repair and maintenance income	285	222
Agency fee income	73	67
Healthy Seed ³		
Management fee income	280	144
Rental income	201	201
Building management fee income	175	166
Repair and maintenance income	27	–

39. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

Transactions with related companies are also connected transactions as defined in the chapter 14A of the Listing Rules.

	2023 HK\$'000	2022 HK\$'000
Balances with related companies as at 31 December		
Amounts due from related companies (included in debtors, deposits and prepayments)		
Shui On Land Limited and its subsidiaries ¹	–	1,524
Shui Sing (BVI) Limited and its subsidiaries ²	124	382
	124	1,906
Amounts due from related parties (included in debtors, deposits and prepayments)		
Dr. Lo Ka Shui	156	–
Mr. Lo Kai Shui	664	664
	820	664
Amounts due to related companies (included in creditors, deposits and accruals)		
Shui On Land Limited and its subsidiaries ¹	–	270
Shui Sing (BVI) Limited and its subsidiaries ²	–	431
Healthy Seed ³	96	96
	96	797

Balances with related companies are unsecured, interest-free and repayable on demand. Other than the above balances and amounts due from joint ventures as disclosed in note 16, the Group has no other related company balances.

Notes:

- 1 Mr. Lo Hong Sui, Vincent, being a director and controlling shareholder of these companies, is an associate of Dr. Lo Ka Shui (a substantial Shareholder of the Company), Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Dr. Lo Ying Sui and Mr. Lo Chun Him, Alexander, all being Directors of the Company, and Mr. Lo Kai Shui.
- 2 Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, and Mr. Lo Kai Shui, are among the discretionary beneficiaries under a discretionary trust, being a substantial shareholder of this company, holding 34.06% (2022: 34.06%) interest of the Company.
- 3 Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander, are directors of this company.

The remuneration of the Directors and members of key management during the year were disclosed in note 11. The remuneration of the Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include borrowings and medium term notes disclosed in notes 28 and 29 respectively, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associate with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity instruments at FVTOCI, notes and loan receivables, debtors, financial assets at FVTPL, restricted cash, time deposits with original maturity over three months, bank balances and cash, creditors, rental deposits received, derivative financial instruments, distribution payable, medium term notes and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and lease liabilities and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

(i) Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate short term bank deposits, time deposits with original maturity over three months, restricted cash, notes and loan receivables, certain medium term notes and lease liabilities.

The Group's exposure to cash flow interest rate risk is resulted primarily from adverse change in interest rates of HIBOR and LIBOR/SONIA arising from variable rate borrowings and certain medium term notes.

The Group will continue to maintain a reasonable mix of floating-rate and fixed-rate borrowings and take actions such as using interest rate swap to hedge against any foreseeable interest rate exposure, if necessary.

The interest rate and terms of the financial assets and financial liabilities are set out in respective notes.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates, including derivatives which are designated as effective hedging instruments for variable rate borrowings, medium term notes, mortgage loan receivables and bank balances at the end of the reporting period. The analysis is prepared assuming the amounts of liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2022: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2023 would decrease/increase by HK\$100,384,000 (2022: HK\$67,977,000).

(ii) Currency risk

The Group has certain bank deposits, medium term notes, financial assets at FVTPL, equity instruments at FVTOCI, notes and loan receivables that are denominated in foreign currencies which expose the Group to foreign currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate and where necessary, using cross currency swaps and foreign currency derivative contracts.

The Group has certain medium term notes denominated in a foreign currency (i.e. US\$) and such foreign currency risk is managed by entering into cross currency swaps to hedge against its exposures to changes in foreign exchange rate on part of its medium term notes amounted to US\$300,000,000 (2022: US\$639,400,000). The cross currency swaps are designated as effective hedging instruments and hedge accounting is used (see note 21 for details). The Group reviewed the continuing effectiveness of hedging instruments at least at the end of each reporting period. The Group mainly uses regression analysis and comparison of change in fair value of the hedging instruments and the hedged items for assessing the hedge effectiveness. As the foreign currency risk of part of its medium term notes is hedged, no sensitivity analysis has been prepared accordingly.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
US\$	945,194	878,994	–	340,196
RMB	233,681	275,321	–	–
Pound Sterling	581,263	284,673	–	–
Euro	25,445	73,756	–	429
Australian dollars	146,537	8,206	–	–
Macau pataca	15	15	–	–
Singapore dollars	99,427	94,366	–	–
Canadian dollars	188,837	48	–	–
Japanese Yen	144,394	162,785	–	–

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2022: 10%) increase and decrease in the Hong Kong dollars against the relevant foreign currencies. As Hong Kong dollars are pegged to US\$, no material currency risk exposure is expected on US\$denominated monetary assets and monetary liabilities and the cross currency swaps. Therefore they are excluded from the sensitivity analysis below. 10% (2022: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2022: 10%) change in foreign currency rate. A positive number below indicates a decrease in loss before tax where Hong Kong dollars weaken 10% (2022: 10%) against the relevant currency. For a 10% (2022: 10%) strengthening of Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the loss before tax for the year, and the balances below would be negative.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

Sensitivity analysis (continued)

	2023 HK\$'000	2022 HK\$'000
RMB	23,368	27,532
Pound Sterling	58,126	28,467
Euro	2,545	7,333
Australian dollars	14,654	821
Macau pataca	2	2
Singapore dollars	9,943	9,437
Canadian dollars	18,884	5
Japanese Yen	14,439	16,279

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(iii) Other price risk

The Group's listed and certain unlisted equity instruments at FVTOCI, listed equity securities held for trading, and equity linked notes at FVTPL are measured at fair value at the end of the reporting period. Therefore, the Group is exposed to equity price risk in relation to these financial assets. In order to mitigate such risk, the Group would monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If the prices of the listed and unlisted equity instruments at FVTOCI measured at fair value had been 10% (2022: 10%) higher/lower, investment revaluation reserve would increase/decrease by HK\$144,902,000 (2022: HK\$194,350,000) for the Group as a result of the changes in fair value of listed and unlisted equity instruments at FVTOCI.

If the prices of the listed equity securities held for trading measured at fair value had been 10% (2022: 10%) higher/lower, fair value changes on financial assets at FVTPL would increase/decrease by HK\$52,028,000 (2022: HK\$51,178,000) for the Group as a result of the changes in fair value of listed equity securities held for trading.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(b) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings, maintains sufficient availability of banking facilities and ensures compliance with loan covenants as well as by continuously monitoring forecast and actual cash flows.

The Group has cash and cash equivalents of HK\$5,767,324,000 as at 31 December 2023 (2022: HK\$5,941,727,000). In addition to the cash resources, the Group has available borrowing facilities of which undrawn committed facility in the form of revolving bank loans amounted to HK\$10,286,000,000 as at 31 December 2023 (2022: HK\$10,507,778,000).

The Group established a US\$1 billion guaranteed medium term note programme, under which unsecured notes may be issued from time to time in various currencies and amounts with fixed or floating rates to be set upon issuance of notes and will be guaranteed. The Group issued an aggregate principal amounts of HK\$1,700,000,000 and US\$300,000,000 as at 31 December 2023 (2022: HK\$1,700,000,000 and US\$686,400,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities, which has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is calculated based on effective interest rate at the end of the reporting period.

	Interest rate	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total undiscounted cash flows	Total carrying amount as at 31 December
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
2023								
Rental deposit received	-	355,873	132,876	69,046	12,987	20,972	591,754	591,754
Non-interest bearing	-	1,001,267	-	-	-	-	1,001,267	1,001,267
Financial liability designated at fair value	-	-	-	-	-	220,000	220,000	220,000
Fixed interest rate instruments	1.00% to 4.00%	327,323	1,326,779	313,746	79,392	2,796,505	4,843,745	4,247,971
Variable interest rate instruments	0.55% to 7.16%	19,858,254	2,018,487	5,564,997	5,534,029	1,273,449	34,249,216	30,009,402
Lease liabilities	1.07% to 5.97%	27,362	27,054	26,918	27,501	488,144	596,979	343,320
		21,570,079	3,505,196	5,974,707	5,653,909	4,799,070	41,502,961	36,413,714
2022								
Rental deposit received	-	313,713	138,424	114,984	18,629	7,741	593,491	593,491
Non-interest bearing	-	1,835,954	-	-	-	-	1,835,954	1,835,954
Financial liability designated at fair value	-	1,168,000	-	-	-	1,199,000	2,367,000	2,367,000
Fixed interest rate instruments	1.00% to 4.00%	3,201,464	321,793	1,335,749	313,921	2,875,136	8,048,063	7,257,719
Variable interest rate instruments	0.31% to 4.75%	9,395,599	7,964,616	4,904,806	3,127,349	2,690,899	28,083,269	25,943,254
Lease liabilities	1.10% to 2.62%	6,396	2,666	1,783	1,740	870	13,455	11,770
		15,921,126	8,427,499	6,357,322	3,461,639	6,773,646	40,941,232	38,009,188

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(b) Liquidity risk (continued)

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments based on their contractual maturities. For derivative financial instruments settled on a net basis, undiscounted net cash inflows (outflows) are presented. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	Within 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total amount HK\$'000	Total carrying amount HK\$'000
2023						
Derivatives net settlement						
Interest rate swaps	38,999	(28,861)	(8,347)	–	1,791	10,434
Cross currency swaps	26,159	18,632	(89,117)	1,080	(43,246)	(50,672)
Currency forward contracts	50,312	3,342	–	–	53,654	53,654

	Within 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total amount HK\$'000	Total carrying amount HK\$'000
2022						
Derivatives net settlement						
Interest rate swaps	140,873	24,793	(25,713)	–	139,953	155,904
Cross currency swaps	15,692	22,698	(72,093)	529	(33,174)	(5,060)
Currency forward contracts	41,114	–	–	–	41,114	41,114

(c) Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2023 and 2022 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group measures the loss allowance on liquid funds equal to 12m ECL. The credit risk on liquid funds is limited because most of the cash and deposits are placed with reputable banks with external credit rating of at least A1 assigned by an international credit-rating agency.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor repays by frequent instalments and usually makes full settlement after due date.	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increase in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk and impairment assessment (continued)

The table below details the credit risk exposures of the Group's financial assets and other item, which are subject to ECL assessment.

	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount	
				2023 HK\$'000	2022 HK\$'000
Financial assets					
Notes receivables	19	Low risk	12m ECL	121,905	476,545
		Doubtful	Lifetime ECL (not credit-impaired)	-	23,468
		Loss	Lifetime ECL (credit-impaired)	174,890	151,410
				296,795	651,423
Loan receivables and mortgage loan receivables	19	Low risk	12m ECL	299,920	317,062
Trade debtors	24	Low risk	Lifetime ECL (not credit-impaired)	277,126	294,692
		Loss	Lifetime ECL (credit-impaired)	25,072	24,719
				302,198	319,411
Other receivables	24	Low risk	12m ECL	104,339	161,325
		Loss	Lifetime ECL (credit-impaired)	6,545	4,996
				110,884	166,321
Amounts due from joint ventures	16	Low risk	12m ECL	1,077,793	51,446
Restricted cash	26	Low risk	12m ECL	117,234	53,288
Time deposits with original maturity over three months	26	Low risk	12m ECL	82,196	66,380
Bank balances	26	Low risk	12m ECL	5,758,141	5,933,739
Other item					
Deferred lease receivables	24	Low risk	Lifetime ECL (not credit-impaired)	86,570	98,530

Notes:

- (i) For the purposes of internal credit risk management, the Group uses past due information (if applicable) to assess whether credit risk has increased significantly since initial recognition.
- (ii) For trade debtors and deferred lease receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL.

The trade debtors presented in the consolidated statement of financial position are net of allowances for doubtful debts. In determining the recoverability of a trade debtor, the Group considers any change in the credit quality of the trade debtor from the date credit was initially granted up to the reporting date.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(c) Credit risk and impairment assessment (continued)

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures which are carried out to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other debtors at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9.

Based on the ECL assessment, the credit exposures for certain trade and other receivables, loan receivables, amounts due from joint ventures are considered as low risk of internal credit rating because the counterparties have a low risk of default and does not have material past-due amounts. During the year ended 31 December 2023, loss allowance provision of HK\$1,838,000 (2022: HK\$5,523,000) for trade debtors was recognised.

For notes receivables and the related interest receivables (included in other receivables), the Group measures the credit risk by referencing to the credit-ratings of the issuers assigned by international credit-rating agencies. For notes receivables with gross carrying amount of HK\$121,905,000 (2022: HK\$476,545,000), the Directors considered that the credit risk is limited because the counterparties are listed entities with high credit-ratings.

For the remaining notes receivables with gross carrying amount of HK\$174,890,000 (2022: HK\$174,878,000), the Group measures the loss allowance at lifetime ECL, in view of the significant deterioration in credit-ratings of the issuers or recent evidences for default payments. During the year ended 31 December 2023, the Group has provided nil (2022: provided HK\$13,000,000) allowance for credit losses (lifetime (not credit-impaired)) and provided HK\$10,436,000 (2022: HK\$46,182,000) allowance for credit losses (lifetime (credit-impaired)) on notes receivables respectively, and HK\$1,548,000 (2022: HK\$2,058,000) allowance for credit losses (lifetime (credit-impaired)) on the related interest receivables (included in other receivables).

The following table shows the movement in lifetime ECL that has been recognised as trade debtors under the simplified approach.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2022	2,276	23,514	25,790
Allowance recognised in profit or loss	–	5,593	5,593
Amounts recovered	–	(70)	(70)
Amounts written off	–	(4,318)	(4,318)
As at 31 December 2022	2,276	24,719	26,995
Allowance recognised in profit or loss	–	1,917	1,917
Amounts recovered	–	(79)	(79)
Amounts written off	–	(1,485)	(1,485)
As at 31 December 2023	2,276	25,072	27,348

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(c) Credit risk and impairment assessment (continued)

Except for the amounts due from joint ventures, the Group has no other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The following table shows reconciliation of loss allowance that has been recognised for notes receivables.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2022	1,695	104,119	105,814
Allowance recognised in profit or loss	13,000	46,182	59,182
Transfer to credit-impaired	(1,695)	1,695	–
Exchange difference	–	(586)	(586)
As at 31 December 2022	13,000	151,410	164,410
Allowance recognised in profit or loss	–	10,436	10,436
Transfer to credit-impaired	(13,000)	13,000	–
Exchange difference	–	44	44
As at 31 December 2023	–	174,890	174,890

The following table shows reconciliation of loss allowance that has been recognised for interest receivables included in other receivables.

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
As at 1 January 2022	–	2,939	2,939
Allowance recognised in profit or loss	–	2,058	2,058
Exchange difference	–	(1)	(1)
As at 31 December 2022	–	4,996	4,996
Allowance recognised in profit or loss	–	1,548	1,548
Exchange difference	–	1	1
As at 31 December 2023	–	6,545	6,545

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(d) Categories of financial instruments

	2023 HK\$'000	2022 HK\$'000
Financial assets		
<i>Financial assets at amortised cost</i>		
Trade debtors	274,850	292,416
Other receivables	104,339	161,325
Notes receivables	121,905	487,013
Loan receivables	219,511	219,664
Mortgage loan receivables	80,409	97,398
Amounts due from joint ventures	1,077,793	51,446
Restricted cash	117,234	53,288
Time deposits with original maturity over three months	82,196	66,380
Bank balances and cash	5,767,324	5,941,727
	7,845,561	7,370,657
<i>Financial assets mandatorily measured at FVTPL</i>		
Equity and currency linked notes	31,828	28,063
Liquidity funds	119,184	–
Listed equity securities held for trading	520,280	511,779
	671,292	539,842
<i>Equity instruments at FVTOCI</i>		
Equity instruments at FVTOCI	1,449,017	1,943,495
<i>Derivative financial instruments</i>		
Derivative instruments in designated hedge accounting relationships		
Derivative financial instruments	45,895	127,698
Financial liabilities		
<i>Financial liabilities at amortised costs</i>		
Trade creditors	297,651	323,691
Other payables	514,394	696,205
Rental deposits received	591,754	593,491
Construction fee payable and retention money payable	49,401	646,393
Distribution payable	139,821	169,665
Borrowings	30,243,756	26,176,637
Medium term notes	4,013,617	7,024,336
	35,850,394	35,630,418
<i>Derivative financial instruments</i>		
Derivative financial instruments	12,278	25,594
<i>Financial liability designated as at fair value</i>		
Derivative instruments in designated hedge accounting relationships		
Derivative financial instruments	107,931	38,122

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(e) Fair value

The fair values of financial assets and financial liabilities, including equity instruments at FVTOCI, derivative financial instruments, financial assets at FVTPL and financial liability designated as at fair value are determined as detailed in note 41(f). The fair value of other financial assets and financial liabilities which are at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their fair values.

(f) Fair value measurements recognised in the consolidated statement of financial position

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group establish the appropriate valuation techniques and inputs to the model as detailed in note 41(f). The management reports the findings to the Board of Directors of the Company half yearly to explain the cause of fluctuations in the fair value of the assets and liabilities.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
2023				
Financial assets				
<i>Financial assets mandatorily measured at FVTPL</i>				
Equity linked notes	–	–	31,828	31,828
Derivative financial instruments	–	87,730	–	87,730
Derivative financial instruments under hedge accounting	–	45,895	–	45,895
Liquidity funds	119,184	–	–	119,184
Listed equity securities held for trading	520,280	–	–	520,280
<i>Equity investments at FVTOCI</i>				
Listed equity securities	619,942	–	–	619,942
Unlisted equity securities	524,677	–	304,398	829,075
Total	1,784,083	133,625	336,226	2,253,934
Financial liabilities				
<i>Financial liabilities at FVTPL</i>				
Derivative financial instruments	–	12,278	–	12,278
Derivative financial instruments under hedge accounting	–	107,931	–	107,931
Financial liability designated as at fair value	–	–	220,000	220,000
Total	–	120,209	220,000	340,209

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Fair value measurements recognised in the consolidated statement of financial position (continued)

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
2022				
Financial assets				
<i>Financial assets mandatorily measured at FVTPL</i>				
Equity and currency linked notes	–	–	28,063	28,063
Derivative financial instruments	–	127,976	–	127,976
Derivative financial instruments under hedge accounting	–	127,698	–	127,698
Listed equity securities held for trading	511,779	–	–	511,779
<i>Equity investments at FVTOCI</i>				
Listed equity securities	1,019,920	–	–	1,019,920
Unlisted equity securities	653,787	–	269,788	923,575
Total	2,185,486	255,674	297,851	2,739,011
Financial liabilities				
<i>Financial liabilities at FVTPL</i>				
Derivative financial instruments	–	25,594	–	25,594
Derivative financial instruments under hedge accounting	–	38,122	–	38,122
Financial liability designated as at fair value	–	–	2,367,000	2,367,000
Total	–	63,716	2,367,000	2,430,716

There were no transfers between Level 1 and 2 in both years.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Fair value measurements recognised in the consolidated statement of financial position (continued)

The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets (liabilities)	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key inputs
	2023 HK\$'000	2022 HK\$'000		
Listed equity securities classified as equity instruments at FVTOCI in the consolidated statement of financial position.	619,942	1,019,920	Level 1	Quoted market bid prices in an active market.
Listed equity securities held for trading in the consolidated statement of financial position.	520,280	511,779	Level 1	Quoted market bid prices in an active market.
Unlisted equity securities classified as equity instruments at FVTOCI in the consolidated statement of financial position.	524,677	653,787	Level 1	Broker's quote which reflects the Group's share of fair value of the underlying investments which are publicly traded equity investments.
Liquidity funds as financial assets at FVTPL in the consolidated statement of financial position.	119,184	–	Level 1	Broker's quote which reflects the Group's share of fair value of the underlying investments which are publicly traded equity investments.
Interest rate swaps classified as derivative financial instruments in the consolidated statement of financial position.	45,895 (35,461)	195,147 (39,243)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable forward interest rates at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Cross currency swaps classified as derivative financial instruments in the consolidated statement of financial position.	34,076 (84,748)	16,660 (21,720)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and interest rates (from observable forward exchange rates and interest rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Fair value measurements recognised in the consolidated statement of financial position (continued)

Financial assets (liabilities)	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	2023 HK\$'000	2022 HK\$'000			
Unlisted equity securities classified as equity instruments at FVTOCI in the consolidated statement of financial position.	304,398	269,788	Level 3	Market approach. It is based on the best information available in the circumstances and includes appropriate risk adjustments for lack of marketability.	Multiples of several comparable companies and risk adjustments for lack of marketability. (note a)
Equity and currency linked notes classified as financial assets at FVTPL in the consolidated statement of financial position.	31,828	28,063	Level 3	Discounted cash flow. Future cash flows are estimated based on share price/foreign currency exchange rate (from observable share price/foreign currency exchange rate at the end of the reporting period) and contracted share price/foreign currency exchange rate, discounted at a rate that reflects the credit risk of various counterparties.	Volatility of underlying share prices/foreign currency exchange rate. (note b)
Other payable classified as financial liability designated as at fair value in the consolidated statement of financial position.	220,000	2,367,000	Level 3	Discounted cash flow. Future cash flows are estimated based on the forecast sales and budgeted costs to completion, discounted at a rate that reflects the risk of counterparty.	Forecast sales, budgeted costs to completion and discount rate. (note c)

Notes:

- (a) The higher the multiples, the higher the fair value of unlisted equity securities. The higher the risk adjustments, the lower the fair value of unlisted equity securities. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.
- (b) The higher the volatility, the higher the fair value of equity and currency linked notes. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.
- (c) The higher the forecast sales, the higher the fair value of other payable. The higher the budgeted costs to completion, the lower the fair value of other payable. The higher the discount rate, the lower the fair value of other payable. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

(g) Reconciliation of Level 3 fair value measurements

	Other payable HK\$'000	Equity and currency linked notes HK\$'000	Unlisted equity securities HK\$'000
As at 1 January 2022	2,830,300	243,864	214,699
Increase	–	143,673	113,852
Decrease	(463,300)	(364,360)	–
Transfer to level 1	–	–	(822)
Transfer to level 2	–	–	(38,992)
Change in fair value	–	4,886	(18,949)
As at 31 December 2022	2,367,000	28,063	269,788
Increase	–	81,177	79,713
Decrease	(1,066,000)	(77,569)	(8,920)
Change in fair value	(1,081,000)	157	(36,183)
As at 31 December 2023	220,000	31,828	304,398

The above changes in fair value of equity and currency linked notes and unlisted equity securities are included in “fair value changes on financial assets at FVTPL” in the consolidated income statement and “fair value loss on equity instruments at FVTOCI” in the consolidated statement of comprehensive income, respectively.

42. RECONCILIATION OF LIABILITIES AND RELATED ASSETS ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities and related assets arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Derivative financial instrument	Interest payable	Borrowings	Medium term notes	Lease liabilities	Dividend payables	Distribution payable	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022	26,470	89,672	25,717,246	7,649,560	22,248	-	207,033	33,712,229
Distribution declared	-	-	-	-	-	977,789	399,251	1,377,040
Interest expenses (note)	-	780,493	39,922	10,291	412	-	-	831,118
Fair value adjustment	(219,425)	-	-	-	-	-	-	(219,425)
New leases entered/lease modified	-	-	-	-	1,316	-	-	1,316
Financing cash flows	-	(852,341)	1,040,065	(643,000)	(11,744)	(711,195)	(436,659)	(1,614,874)
Foreign exchange translations	-	-	(369,907)	7,485	(120)	-	-	(362,542)
Interest capitalisation	-	90,666	-	-	-	-	-	90,666
Other non-cash changes	999	-	(250,689)	-	(342)	(266,594)	40	(516,586)
At 31 December 2022	(191,956)	108,490	26,176,637	7,024,336	11,770	-	169,665	33,298,942
Distribution declared	-	-	-	-	-	650,520	341,882	992,402
Interest expenses (note)	-	1,334,739	46,085	6,200	10,154	-	-	1,397,178
Fair value adjustment	272,662	-	-	-	-	-	-	272,662
New leases entered/lease modified	-	-	-	-	333,365	-	-	333,365
Financing cash flows	85,453	(1,551,512)	4,010,912	(3,017,591)	(11,971)	(650,520)	(371,724)	(1,506,953)
Operating cash flows	(181,703)	-	-	-	-	-	-	(181,703)
Foreign exchange translations	2,128	(18,086)	9,219	672	2	-	-	(6,065)
Interest capitalisation	-	204,095	-	-	-	-	-	204,095
Other non-cash changes	-	-	903	-	-	-	(2)	901
At 31 December 2023	(13,416)	77,726	30,243,756	4,013,617	343,320	-	139,821	34,804,824

Note: The amounts reclassified from hedging reserve are excluded in the reconciliation.

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2023 and 2022 are set out below:

Direct subsidiary	Issued and paid up equity share capital	Principal activity	Percentage of issued equity share capital held by the Company	
			2023	2022
<i>Incorporated and operating in the British Virgin Islands</i>				
Jolly Trend Limited	2 shares of US\$1 each	Investment holding	100%	100%

Indirect subsidiaries	Share capital issued		Principal activities	Percentage of issued equity share capital held by the Company	
	Number of share(s)	Issued and paid up share capital HK\$		2023	2022
<i>Incorporated and operating in Hong Kong</i>					
Able Wise (China) Limited	1	1	Investment holding	100%	100%
Best Come Limited	1	1	Flexible workspace operation	100%	100%
Bon Project Limited	2	2	Property investment	100%	100%
Brilliant Loyalty Program Limited	1	1	Hospitality service	100%	100%
Champion Global Services Limited	1	1	Provision of procurement services	94.5%	94.5%
Chance Mark Limited	2	2	Property investment	100%	100%
Clever Gain Investment Limited	2	2	Restaurant operation	100%	100%
Eagle Asset Management (CP) Limited	16,000,000	16,000,000	Manager of real estate investment trust	100%	100%
Eagle Property Management (CP) Limited	1	1	Property management	100%	100%
Ease Billion Development Limited	2	2	Property investment	100%	100%
Ease Treasure Finance Limited	1	1	Financing	100%	100%
Ease Treasure Finance (PSK) Limited	1	1	Financing	100%	100%
Ease Treasure Investment Limited	1	1	Property development	100%	100%
Eaton Club Limited	1	1	Flexible workspace operation	100%	100%
Eaton Hotels International Limited	1	1	Hotel & restaurant management	100%	100%
Eaton Residences Management Limited	1,000	10,000	Management of furnished apartments	100%	100%
Fortuna Wealth Company Limited	2	2	Property investment	100%	100%
Frequent Investments Limited	2	2	Holding of recreational club membership debenture	100%	100%
G.E. Secretaries Limited	2	2	Provision of secretarial services	100%	100%
GE Hospitality Asset Management Limited	1	1	Hospitality asset management	100%	100%
GE (LHIL) Lessee Limited	1	1	Hotel operation	100%	100%
Great Eagle (China) Investment Limited	1	1	Investment holding and provision of property consultancy and advisory service	100%	100%
Great Eagle Project Advisory Company Limited	1	1	Provision of project advisory services	100%	100%
Great Eagle Real Estate Agency Limited	1	1	Provision of real estate agency services	100%	100%

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Share capital issued		Principal activities	Percentage of issued equity share capital held by the Company	
	Number of share(s)	Issued and paid up share capital HK\$		2023	2022
<i>Incorporated and operating in Hong Kong (continued)</i>					
Great Eagle Trading Holdings Limited	1,000	82,992,841	Investment holding	94.5%	94.5%
Great Eagle Venture Capital (HK) Limited	1	1	Asset management	100%	100%
Ka Yick Company Limited	100,000	100,000	Securities investment	100%	100%
Keysen Engineering Company, Limited	2	2	Repairs and maintenance services	100%	100%
Keysen Properties Management Company Limited	1	1	Property management	100%	100%
Keysen Property Management Services Limited	1,800,000	1,800,000	Property management and investment holding	100%	100%
LP Beauty Limited	1	1	Management services	100%	100%
Landton Limited	2	2	Investment holding	100%	100%
Langham Hospitality Group Limited	1	1	Investment holding	100%	100%
Langham Hotels International Limited	5,000	5,000	Hotel management	100%	100%
Langham Hotels Management (HK) Limited	1	1	Provision of hotel management service	100%	100%
Langham Hotels Services Limited	1	1	Hospitality management and marketing service	100%	100%
Langham Hotels (China) Limited	1	1	Hotel management	100%	100%
Langham Hotels (Cordis) Limited	1	1	Provision of staff services	100%	100%
Langham Hotels (EHK) Limited	1	1	Provision of staff services	100%	100%
Langham Hotels (LHK) Limited	1	1	Provision of staff services	100%	100%
Leader Treasure Limited	1	1	Warehousing and property investment	100%	100%
LHIL Manager Limited	1	1	Trustee-Manager of Langham Hospitality Investments	100%	100%
Longworth Management Limited	10,000	10,000	Property management	100%	100%
Magic Energy Limited	1	1	Property development	100%	100%
Mega Bloom (China) Limited	1	1	Investment holding	100%	100%
Moon Yik Company, Limited	10,000,000	10,000,000	Property investment	100%	100%
Profit Lord Limited	2	2	Investment holding	100%	100%
Ropark Company Limited	2	2	Investment holding	100%	100%
Selex Engineering Services Limited	2	2	Repairs and maintenance services	100%	100%
Sharp Bloom Limited	1	1	Treasury management	100%	100%
Shung Kai Development Company Limited	1,000	100,000	Investment holding	100%	100%
Sunlight Fortune Limited	1	1	Investment holding	100%	100%
Sunrise Success Limited	1	1	Property development and investment	100%	100%
Sunshine Gain Limited	1	1	Property development and investment	100%	100%
Sunshine Horizon Limited	1	1	Investment holding	100%	100%
Sunshine Prospect Limited	1	1	Property development and investment	100%	100%

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Share capital issued		Principal activities	Percentage of issued equity share capital held by the Company	
	Number of share(s)	Issued and paid up share capital HK\$		2023	2022
<i>Incorporated and operating in Hong Kong (continued)</i>					
Sunshine Stream Limited*	1	1	Property development and investment	100%	–
Sunshine Strength Limited	1	1	Property development and investment	100%	100%
The Great Eagle Company, Limited	2,000,000	1,000,000	Investment holding and property investment	100%	100%
The Great Eagle Development and Project Management Limited	2	20	Project management	100%	100%
The Great Eagle Estate Agents Limited	2	20	Provision of real estate agency services	100%	100%
The Great Eagle Finance Company, Limited	100,000	10,000,000	Financing	100%	100%
Topstar Investment Holdings Limited	1	1	Investment holding	94.5%	94.5%
Toptech Co. Limited	2,000,000	2,000,000	Trading of building materials	94.5%	94.5%
Totipotent Investment Limited	1	1	Treasury management	100%	100%
VCN Limited	1	1	Investment holding	100%	100%
Venus Glory Company Limited	2	2	Property investment	100%	100%
Wai Cheong Company Limited	5,000	500,000	Property investment	100%	100%
Wisdom Living Limited	1	1	Operation of loyalty membership platform	100%	100%
Worth Bright Company Limited	2	2	Property investment	100%	100%
YNF Hotels IP Limited	1	1	Investment holding	100%	100%
YNF Hotels Management & Services (HK) Limited	1	1	Hotel management	100%	100%
YNF Hotels Management & Services Holdings Limited	1	1	Investment holding	100%	100%
YNF Hotels Operation & Leasee Holdings Limited	1	1	Investment holding	100%	100%
YNF Hotels Operation (Admiralty) Limited*	1	1	Hotel management	100%	–
Zamanta Investments Limited	100	1,000	Property investment	100%	100%

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Share capital issued		Principal activities	Percentage of issued equity share capital held by the Company	
	Number of share(s)	Issued and paid up share capital HK\$		2023	2022
<i>Incorporated and operating in Hong Kong and indirectly owned and controlled by Champion REIT</i>					
CP (A1) Limited	1	1	Property investment	69.23%	68.28%
CP (B1) Limited	1	1	Property investment	69.23%	68.28%
CP (MC) Limited	1	1	Property investment	69.23%	68.28%
CP (PH) Limited	1	1	Property investment	69.23%	68.28%
CP (SH) Limited	1	1	Property investment	69.23%	68.28%
CP (WC) Limited	1	1	Property investment	69.23%	68.28%
CP Finance Limited	1	1	Financing	69.23%	68.28%
CP (Portion A) Limited	2	2	Property investment	69.23%	68.28%
CP (Portion B) Limited	2	2	Property investment	69.23%	68.28%
CP Success Limited	1	1	Financing	69.23%	68.28%
CP Wealth Limited	1	1	Financing and treasury	69.23%	68.28%
Elegant Wealth Limited	1	1	Property investment	69.23%	68.28%
Langham Beauty Limited	1	1	Beauty store operations	69.23%	68.28%
Maple Court Limited	2	2	Property investment	69.23%	68.28%
Renaissance City Development Company Limited	2	20	Property investment	69.23%	68.28%
Shine Hill Development Limited	1,000,001	601,000,000	Property investment	69.23%	68.28%
Trump Treasure Limited	1	1	Treasury	69.23%	68.28%
Wisdom Base Limited	1	1	Treasury	69.23%	68.28%
<i>Incorporated and operating in Hong Kong and indirectly owned and controlled by Langham</i>					
Cordis Hong Kong Limited	2	2	Property investment	70.23%	69.70%
Grow On Development Limited	5,000	5,000	Property investment	70.23%	69.70%
Harvest Star International Limited	2	2	Property investment	70.23%	69.70%
LHIL Finance Limited	1	1	Financing	70.23%	69.70%
LHIL Treasury (HK) Limited	1	1	Financing	70.23%	69.70%
LHIL Treasury Company Limited	1	1	Treasury management	70.23%	69.70%

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company	
			2023	2022
<i>Incorporated in the British Virgin Islands</i>				
Achiever Wealth Limited	1 share of US\$1	Investment holding	100%	100%
Bright Form Investments Limited	1 share of US\$1	Investment holding of Champion REIT units	100%	100%
Choice Wealth Limited	1 share of US\$1	Treasury management	100%	100%
Delight Chance Limited	1 share of US\$1	Investment holding	94.5%	94.5%
Ecobest Ventures Limited	1 share of US\$1	Treasury management	100%	100%
Elite Trend Limited	1 share of US\$1	Investment holding	100%	100%
Fine Noble Limited	1 share of US\$1	Treasury management	100%	100%
G.E. Investments Holdings Limited	1 share of US\$1	Investment holding	100%	100%
GE (MTN) Limited	1 share of US\$1	Medium term notes issuer	100%	100%
GEVC AIC II Limited	1 share of US\$1	Investment holding	100%	100%
GEVC AZ Diagnostic Limited	1 share of US\$1	Investment holding	100%	100%
Great Eagle (BVI) Limited	1 share of US\$1	Investment holding	100%	100%
Great Eagle Capital Limited	1 share of US\$1	Investment holding	100%	100%
Great Eagle Nichemusic Limited	1 share of US\$1	Treasury management	100%	100%
Great Eagle VC (Gene Edit Base) Limited	1 share of US\$1	Investment holding	100%	100%
Great Eagle VC (Window Materials) Limited	1 share of US\$1	Investment holding	100%	100%
Great Eagle Venture Capital Limited	1 share of US\$1	Investment holding	100%	100%
Keen Flow Investments Limited	1 share of US\$1	Investment holding of Champion REIT units	100%	100%
LHIL Assets Holdings Limited	1 share of US\$1	Investment holding of Langham share stapled units	100%	100%
Lucky Wheel Investments Limited	1 share of US\$1	Treasury management	100%	100%
Nelsprite Limited	1 share of US\$1	Treasury management	100%	100%
Queenbrook Investments Limited	1 share of US\$1	Investment holding	100%	100%
Rising Vantage Limited	1 share of US\$1	Investment holding	100%	100%
Top Domain International Limited	1 share of US\$1	Investment holding of Champion REIT units	100%	100%
Ultra New Investments Limited	1 share of US\$1	Investment holding	100%	100%
Venture Amber Limited	1 share of US\$1	Investment holding	100%	100%
Venture Silver Limited	1 share of US\$1	Investment holding	100%	100%
Wellsmart Assets Limited	1 share of US\$1	Investment holding	100%	100%
<i>Incorporated in the British Virgin Islands and directly owned and controlled by Champion REIT</i>				
EAM-Champion REIT Limited	1 share of US\$1	Securities investment	69.23%	68.28%
<i>Incorporated in the British Virgin Islands and indirectly owned and controlled by Champion REIT</i>				
CP Investments (UK) Limited	1 share of US\$1	Investment holding	69.23%	68.28%
<i>Incorporated in the British Virgin Islands and operating in Australia</i>				
Katesbridge Group Limited	1 share of US\$1	Investment holding	100%	100%
Ruby Dynasty Limited	1 share of US\$1	Investment holding	100%	100%
<i>Incorporated in the British Virgin Islands and operating in Hong Kong</i>				
Raychen Investments Limited	1 share of US\$1	Provision of computer system solutions and investment holding	100%	100%

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Issued and paid up equity share capital/ contribution paid	Principal activities	Percentage of issued equity share capital held by the Company	
			2023	2022
<i>Incorporated in the British Virgin Islands and operating in New Zealand</i>				
Great Eagle Hotels (New Zealand) Limited	1 share of US\$1	Hotel ownership	100%	100%
<i>Incorporated in the British Virgin Islands and operating in the United Kingdom</i>				
Great Eagle Hotels (UK) Limited	1 share of US\$1	Hotel ownership and operation	100%	100%
<i>Incorporated in the Cayman Islands and indirectly owned and controlled by Champion REIT</i>				
Champion MTN Limited	1 share of US\$1	Medium term notes issuer	69.23%	68.28%
<i>Incorporated and operating in Australia</i>				
Langham Hotels Management (Aust) Pty Limited	1 share of A\$1	Hotel management	100%	100%
NSW Hotel Management Pty Ltd	2 shares of A\$1 each	Hotel operation	100%	100%
Southgate Hotel Management Pty. Ltd.	17,408 shares of A\$2 each	Hotel operation	100%	100%
The Great Eagle Hotels (NSW) Trust	100 units of A\$1 each	Hotel ownership	100%	100%
The Great Eagle Hotels (Victoria) Trust	108,688,206 shares of A\$1 each	Hotel ownership	100%	100%
<i>Incorporated and operating in Canada</i>				
Great Eagle Hotels (Canada) Limited	10 common shares of C\$1 each	Hotel ownership and operation	100%	100%
<i>Incorporated and operating in Indonesia</i>				
PT. Langham Hotels Management Indonesia	IDR10,000,000,000	Hotel management	100%	100%
<i>Incorporated and operating in Italy</i>				
Rio dei Vetrai S.r.l.	EUR100,000	Hotel development	100%	100%
<i>Incorporated and operating in Luxembourg</i>				
Yeni International Investments S.á.r.l.	12,000 shares of EUR1 each	Investment holding	100%	100%
<i>Incorporated and operating in Japan</i>				
Great Eagle Tokyo TMK	JPY27,356,100,000	Hotel development	100%	100%
Great Eagle Japan KK	JPY20,000,000	Hotel management and property development	100%	100%
<i>Incorporated and operating in New Zealand</i>				
Great Eagle Hotels (Auckland) Limited	1,000 shares of no par value	Hotel operation	100%	100%

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Issued and paid up equity share capital/ contribution paid	Principal activities	Percentage of issued equity share capital held by the Company	
			2023	2022
<i>Incorporated and operating in the Mainland China**</i>				
卓環管理諮詢(上海)有限公司	US\$100,000	Provision of procurement services	94.5%	94.5%
朗廷酒店管理(上海)有限公司	US\$3,750,000	Hotel management	100%	100%
朗虹(上海)酒店有限公司	RMB1,100,000,000	Hotel ownership and operation	100%	100%
上海禮興酒店有限公司	US\$79,575,000	Hotel ownership and operation	100%	100%
上海哈比鵬網絡科技有限公司	US\$6,000,000	Investment holding	100%	100%
高端(上海)貿易有限公司	US\$350,000	Trading of building materials	94.5%	94.5%
高端星(上海)貿易有限公司	RMB1,000,000	General trading business	94.5%	94.5%
奕鳳酒店(上海)有限公司	RMB30,000,000	Hospitality service	100%	100%
奕鳳酒店管理(上海)有限公司	RMB1,000,000	Hotel management	100%	100%
<i>Incorporated and operating in Singapore</i>				
Langham Hospitality Singapore Pte. Limited	1 share of SGD1	Hotel management	100%	100%
<i>Incorporated and operating in the USA</i>				
Langham Hotels Pacific Corporation	100 shares of US\$0.001 each	Hotel management	100%	100%
Pacific Boston Holdings Corporation	100 shares of US\$0.001 each	Hotel management	100%	100%
Pacific Chicago LLC	US\$34,626,714	Hotel ownership	100%	100%
Pacific Dolphin Corporation	100 shares of no par value	Property investment	100%	100%
Pacific Eagle China Orient (US) Real Estate GP, LLC	US\$250,000	Investment fund management	80%	80%
Pacific Eagle (US) Real Estate Fund, L.P.	US\$95,189,804	Investment holding	49.97%	49.97%
Pacific Eagle Holdings Corporation	100 shares of no par value	Real estate management	100%	100%
Pacific Fifth Avenue Corporation	100 shares of US\$0.01 each	Hotel ownership	100%	100%
Pacific Howard Corporation	100 shares of US\$0.01 each	Hotel development	100%	100%
Pacific Huntington Hotel Corporation	100 shares of US\$0.001 each	Hotel ownership	100%	100%
Pacific Langham Chicago Corporation	100 shares of US\$0.001 each	Hotel management	100%	100%
Pacific Langham NY Management Corporation	100 shares of US\$0.01 each	Hotel management	100%	100%
Pacific Malibu Dume LLC	US\$20,145,000	Property investment	49.97%	49.97%
Pacific 1125 Market Corporation	100 shares of US\$0.01 each	Hotel development	100%	100%
Pacific Pine LLC	US\$33,363,081	Property development	49.97%	49.97%
Pacific 2014 Second Avenue LLC	US\$7,559,883	Property development	100%	100%
Pacific Virginia LLC	US\$18,465,373	Property development	100%	100%
Pacific Washington DC Corporation	100 shares of US\$0.01 each	Hotel ownership	100%	100%
Pacific Washington DC Manger Corporation	100 shares of US\$0.01 each	Hotel management	100%	100%
Peak Project Management Limited	100 shares of US\$0.01 each	Project management	100%	100%
Shorthills NJ, Inc.	100 shares of US\$1 each	Property investment	100%	100%

* All these subsidiaries commenced its business during the year ended 31 December 2023.

** All these subsidiaries are registered as wholly foreign-owned enterprise in the Mainland China.

The Directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the above list contains only the particulars of the subsidiaries which principally affect the results or assets and liabilities of the Group.

Except for Champion MTN Limited which has issued medium term notes as detailed in note 29, no other subsidiaries had issued any debt securities at 31 December 2023 and 2022 at any time during both years.

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests/unitholders as at 31 December 2023 and 2022:

Indirect subsidiaries	Place of incorporation and principal activities	Proportion of ownership interests and voting rights held by non-controlling interests/unitholders		Gain (loss) allocated to non-controlling interests/unitholders		Accumulated non-controlling interests/unitholders	
		2023	2022	2023	2022	2023	2022
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Champion REIT	HK/Property investment	30.77%	31.72%	68,184	(236,748)	14,281,956	14,980,648
Langham	Cayman Islands/Property investment	29.77%	30.30%	(15,103)	1,663	(928,843)	(914,736)
US Real Estate Fund	the USA/Property investment	50.03%	50.03%	10,985	4,778	283,093	272,049

The above information is based on the financial information of Champion REIT and its subsidiaries, Langham and its subsidiaries and US Real Estate Fund and its subsidiaries for the relevant years respectively.

Champion REIT and Langham are listed on the Stock Exchange. The Group as at 31 December 2023 has 69.23% and 70.23% (2022: 68.28% and 69.70%) ownership interest in Champion REIT and Langham, respectively. The Group additionally achieves control over Champion REIT and Langham through the REIT Manager and Trustee-Manager, respectively, who are wholly owned subsidiaries of the Group.

Although the Group as at 31 December 2023 has 49.97% (2022: 49.97%) ownership in US Real Estate Fund, the Directors concluded that the Group is able to direct the relevant activities of US Real Estate Fund and achieves control over US Real Estate Fund through the general partner, who is a subsidiary of the Group.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests/unitholders is set out below. The summarised financial information below represents amounts before intragroup eliminations.

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Champion REIT and its subsidiaries

	2023 HK\$'000	2022 HK\$'000 (Restated) (note)
Current assets	1,281,212	1,070,513
Non-current assets	63,184,942	64,158,366
Current liabilities	(7,813,406)	(6,414,541)
Non-current liabilities, excluding net assets attributable to unitholders	(10,237,550)	(11,586,571)
Net assets attributable to non-controlling unitholders of Champion REIT	14,281,956	14,980,648

Note:

The comparative figures of Champion REIT were restated since Champion REIT has early applied the 2020 Amendments and 2022 Amendments for the first time in the current year.

	2023 HK\$'000	2022 HK\$'000
Revenue	2,575,654	2,625,311
Expenses	(1,507,211)	(1,315,476)
Gain (loss) for the year, before distribution to unitholders	220,616	(749,324)
Distribution to unitholders	(1,011,968)	(1,168,444)
Loss for the year, after distribution to unitholders (note a)	(791,352)	(1,917,768)
Other comprehensive (expense) income for the year (note b)	(141,460)	55,162
Total comprehensive expense for the year (note c)	(932,812)	(1,862,606)
Attributable to non-controlling unitholders of Champion REIT:		
Gain (loss) for the year, before distribution to unitholders	68,184	(236,748)
Other comprehensive (expense) income for the year	(44,340)	17,276
Total comprehensive income (expense) for the year	23,844	(219,472)
Distributions to non-controlling unitholders of Champion REIT	313,224	372,467
Net cash inflow from operating activities	1,166,751	1,266,709
Net cash inflow (outflow) from investing activities	195,296	(180,378)
Net cash outflow from financing activities	(1,132,212)	(2,046,505)
Net cash inflow (outflow)	229,835	(960,174)

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Champion REIT and its subsidiaries (continued)

Notes:

	2023 HK\$'000	2022 HK\$'000
(a) Loss for the year, after distributions to unitholders attributable to owners of the Company	(546,312)	(1,308,553)
attributable to non-controlling unitholders of Champion REIT	(245,040)	(609,215)
	(791,352)	(1,917,768)
(b) Other comprehensive (expense) income for the year attributable to owners of the Company	(97,120)	37,886
attributable to non-controlling unitholders of Champion REIT	(44,340)	17,276
	(141,460)	55,162
(c) Total comprehensive expense for the year attributable to owners of the Company	(643,432)	(1,270,667)
attributable to non-controlling unitholders of Champion REIT	(289,380)	(591,939)
	(932,812)	(1,862,606)

Langham and its subsidiaries

	2023 HK\$'000	2022 HK\$'000
Current assets	166,234	330,314
Non-current assets	15,668,798	14,692,317
Current liabilities	(6,161,418)	(6,397,557)
Non-current liabilities	(482,956)	(464,121)
Equity attributable to non-controlling interests before intragroup eliminations	2,736,059	2,472,769
Equity attributable to non-controlling interests after intragroup eliminations (note)	(928,843)	(914,736)
Revenue	513,965	332,106
Expenses	(280,345)	(176,054)
Profit and total comprehensive income for the year	1,080,319	419,561
Attributable to non-controlling interests of Langham: (Loss) profit and total comprehensive (expense) income for the year (note)	(15,103)	1,663
Distributions to non-controlling interests of Langham	28,658	26,784
Net cash inflow from operating activities	286,668	216,577
Net cash outflow from investing activities	(45,573)	(61,483)
Net cash outflow from financing activities	(363,728)	(89,127)
Net cash (outflow) inflow	(122,633)	65,967

Note: The amounts have been adjusted for intragroup eliminations which primarily represent the elimination of fair value changes on properties and related deferred taxation and depreciation on Langham's properties and other service fees.

43. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

US Real Estate Fund and its subsidiaries

	2023 HK\$'000	2022 HK\$'000
Equity attributable to owners of the Company after intragroup eliminations (note)	287,828	276,985
Equity attributable to non-controlling interests after intragroup eliminations (note)	283,093	272,049
Profit and total comprehensive income for the year	21,957	9,551
Attributable to non-controlling interests of US Real Estate Fund: Profit and total comprehensive income for the year (note)	10,985	4,778
Distributions to non-controlling interests of US Real Estate Fund	–	–

Note: The amounts have been adjusted for intragroup eliminations which primarily represent the elimination of fair value changes on properties and related deferred taxation in regards to the capital injection of the property to the US Real Estate Fund.

44. PARTICULARS OF THE PRINCIPAL JOINT VENTURES

Details of the Group's principal joint ventures at 31 December 2023 and 2022 are set out below:

Indirect joint ventures	Issued and paid up equity share capital/ contribution paid	Principal activities	Percentage of issued equity share capital held by the Group	
			2023	2022
<i>Incorporated in the British Virgin Islands</i> Wealth Joy Holdings Limited	2 shares of US\$1 each	Investment holding of subsidiaries which are inactive	50%	50%
<i>Incorporated in the British Virgin Islands and indirectly owned by Champion REIT</i> Athene Investment (BVI) Limited	100 shares of US\$1 each	Property investment	18.69%	18.44%
<i>Incorporated in the USA</i> 8701 Collins Avenue, LLC	US\$26,112,500	Investment holding of a subsidiary which is engaged in property development	33%	33%
<i>Incorporated in Hong Kong</i> Fansway Limited	1,000 shares of HK\$1 each	Investment holding of a subsidiary which is engaged in property development	20%	–
Excel Hope Limited	100 shares of HK\$1 each	Investment holding of a subsidiary which is engaged in property development	15%	–

45. PARTICULARS OF THE ASSOCIATES

Details of the Group's associates at 31 December 2023 and 2022 are set out below:

Indirect associates	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Group	
			2023	2022
<i>Incorporated in the British Virgin Islands</i>				
City Apex Ltd.	3,500 shares of US\$1 each	Investment holding	23%	23%
IEH Holdings Limited	1,025 shares of US\$1 each	Investment holding	44.72%	37.8%
Tonkichi Holdings Limited	5,714,286 shares of HK\$1 each	Investment holding	30%	30%
<i>Incorporated in the Cayman Islands</i>				
Redwood Peak Partners	50,000 shares of US\$1 each	General partner of investment fund	25%	25%

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company

	2023 HK\$'000	2022 HK\$'000
Non-current assets		
Investment in a subsidiary	4,290,402	4,290,402
Amount due from a subsidiary	18,913,332	18,627,026
	23,203,734	22,917,428
Current assets		
Prepayments	587	217
Amount due from a subsidiary	373,862	731,039
Bank balances and cash	11,811	9,828
	386,260	741,084
Current liability		
Accruals and other payables	12,670	11,708
Net current assets	373,590	729,376
NET ASSETS	23,577,324	23,646,804
Share capital and reserves		
Share capital	373,862	373,862
Reserves	23,203,462	23,272,942
TOTAL EQUITY	23,577,324	23,646,804

46. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000 (note)	Share option reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2022	6,800,847	3,054	424,627	95,535	16,352,616	23,676,679
Shares issued at premium	258,252	–	–	–	–	258,252
Lapse of share options	–	–	–	(26,927)	26,927	–
Recognition of equity-settled share-based payments	–	–	–	20,405	–	20,405
Profit and total comprehensive income for the year	–	–	–	–	295,395	295,395
Dividend paid	–	–	–	–	(977,789)	(977,789)
At 31 December 2022	7,059,099	3,054	424,627	89,013	15,697,149	23,272,942
Lapse of share options	–	–	–	(24,430)	24,430	–
Recognition of equity-settled share-based payments	–	–	–	16,552	–	16,552
Profit and total comprehensive income for the year	–	–	–	–	564,488	564,488
Dividend paid	–	–	–	–	(650,520)	(650,520)
At 31 December 2023	7,059,099	3,054	424,627	81,135	15,635,547	23,203,462

Note: The contributed surplus is available for distribution to shareholders under the Bermuda Companies Act. Contributed surplus represents the surplus arising under the Scheme of Arrangement undertaken by the Group in 1989/90. At 31 December 2023, total profits (including contributed surplus) available for distribution to shareholders was HK\$13,539,434,000 (2022: HK\$13,601,035,000).

APPENDIX I – LIST OF MAJOR PROPERTIES

PROPERTIES HELD FOR INVESTMENT

Name and location	Use	Approximate gross floor area (sq. ft.)	Group's interests
ON LAND UNDER LONG LEASES			
Eaton Residence 100 Blue Pool Road, Happy Valley, Hong Kong	Furnished apartments	34,000	100%
Great Eagle Centre 23 Harbour Road, Wanchai, Hong Kong	Commercial/Office	270,000	100%
Unit No. 1 & 1A, Ground Floor, Tak Woo House, 17 – 19 D'Aguilar Street, and 1 – 3 Wo On Lane, Central, Hong Kong	Commercial	1,500	100%
ON LAND UNDER MEDIUM-TERM LEASES			
Apartment Tower on the Western Side of Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong	Apartments	6,000	100%
Eaton Residence 4H Village Road, Happy Valley, Hong Kong	Furnished apartments	23,000	100%
Ying'nFlo 3-5 Wan Chai Gap Road, Wan Chai, Hong Kong	Furnished apartments	35,000	100%

PROPERTIES HELD FOR INVESTMENT (continued)

Name and location	Use	Approximate gross floor area (sq. ft.)	Group's interests
ON LAND UNDER MEDIUM-TERM LEASES (continued)			
Eaton HK 380 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong	Hotel/Commercial	339,000	70.23%
The Langham, Hong Kong 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong	Hotel/Commercial	375,000	70.23%
Cordis, Hong Kong 555 Shanghai Street, Mongkok, Kowloon, Hong Kong	Hotel	580,000	70.23%
The Langham, Shanghai, Xintiandi 99 Madang Road, Xintiandi, Shanghai 200021, the Mainland China	Hotel/Commercial	575,000	100%
Three Garden Road 3 Garden Road, Central, Hong Kong	Commercial/Office	1,638,000	69.23%
Langham Place 8 Arygle Street, Mongkok, Kowloon, Hong Kong	Commercial/Office	1,293,000	69.23%
Cordis, Shanghai Hongqiao 333 Shen Hong Road, Minhang District, Shanghai 201106, the Mainland China	Hotel/Commercial	505,000	100%
ON FREEHOLD LAND			
The Langham, London 1B & 1C Portland Place, Regent Street, London, W1B 1JA, the United Kingdom	Hotel/Commercial	363,000	100%
Chelsea Hotel, Toronto 33 Gerrard Street West, Toronto, Ontario M5G 1Z4, Canada	Hotel/Commercial	1,130,000	100%
The Langham, Melbourne One Southgate Avenue, Southbank, Melbourne, Victoria 3006, Australia	Hotel/Commercial	385,000	100%

PROPERTIES HELD FOR INVESTMENT (continued)

Name and location	Use	Approximate gross floor area (sq. ft.)	Group's interests
ON FREEHOLD LAND (continued)			
Cordis, Auckland 83 Symonds Street, Auckland 1140, New Zealand	Hotel/Commercial	606,000	100%
The Langham, Boston 250 Franklin Street, Boston, MA 02110, the USA	Hotel/Commercial	289,000	100%
The Langham Huntington, Pasadena, Los Angeles, 1401 South Oak Knoll Avenue, Pasadena, California 91106, the USA	Hotel/Commercial	489,000	100%
The Langham, Sydney 89-113 Kent Street, Sydney, NSW 2000, Australia	Hotel	129,000	100%
The Langham, Chicago 330 North Wabash, Chicago, IL 60611, the USA	Hotel	342,000	100%
The Langham, New York, Fifth Avenue 400 Fifth Avenue, New York 10018, the USA	Hotel	297,000	100%
Eaton Washington D.C. 1201 K. Street, N.W., Washington DC, DC 20005, the USA	Hotel	173,000	100%
Cavalleri 6487 – 89 Cavalleri Road, Malibu, CA 90265, the USA	Condominium	186,000	49.97%

PROPERTIES HELD FOR/UNDER DEVELOPMENT

Name and location	Use	Approximate gross floor area (sq. ft.)	Group's interests
ON FREEHOLD LAND			
555 Howard Street, San Francisco, CA 94105, the USA (note d)	Hotel	406,000	100%
1125 Market Street, San Francisco, CA 94103, the USA (note d)	Hotel	139,000	100%
1931 Second Avenue, Seattle, WA 98101 the USA (note a)	Hotel/Condominium	553,000	100%
Various lots on Roppongi 4-Chome, Minato-ku, Tokyo Japan (note a)	Hotel	380,000	100%
Fondamenta Daniele Manin no. 1,2,5, Murano, Venezia Italy (note e)	Hotel	142,547	100%

PROPERTIES HELD FOR SALE

Name and location	Use	Approximate gross floor area (sq. ft.)	Group's interests
ON LAND UNDER MEDIUM-TERM LEASE			
ONTOLO 7 Fo Yin Road, Pak Shek Kok, Tai Po, New Territories, Hong Kong (note b)	Residential	730,000	100%
Kowloon Inland Lot No. 11264 Ho Man Tin, Kowloon, Hong Kong (note c)	Residential	742,000	(note c)
New Kowloon Inland Lot No. 6590 Kai Tak, Kowloon Hong Kong (note a)	Residential/Commercial/ Government Accommodation	992,000 (note f)	20%
Kowloon Inland Lot No. 11290 Kowloon City, Kowloon Hong Kong (note a)	Residential/Commercial	415,000	15%

Notes:

- (a) Under design and planning.
- (b) Construction has been completed. Sales in progress. As at 31 December 2023, 8% of residential units and 158,425 sq. ft. of saleable area are remaining unsold.
- (c) The Group has development rights in this project. Super structure work is in progress.
- (d) Currently on hold but entitlement will be continued to be monitored.
- (e) Foundation construction and tender invitation for the Shell & Core Contract are in progress.
- (f) Excluding government accommodation.

APPENDIX II – FIVE YEARS’ FINANCIAL SUMMARY

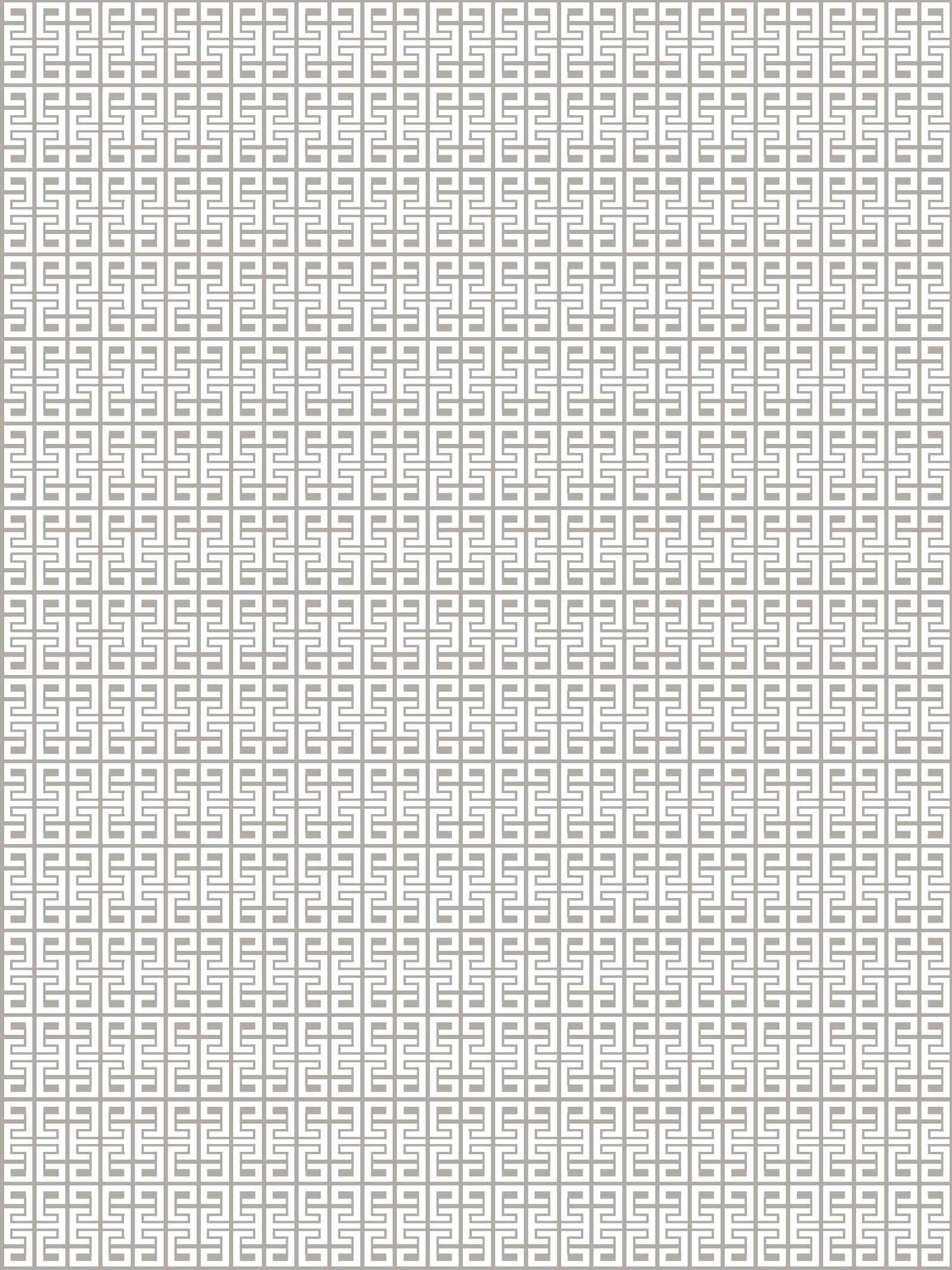
	For the year ended 31 December				
	2019 HK\$'000	2020 HK\$'000	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000
Results					
Revenue	9,236,830	10,305,287	7,830,429	8,884,832	10,644,158
(Loss) profit before tax	(146,283)	(12,398,274)	(482,999)	59,339	1,326,028
Income taxes	(429,789)	(403,811)	(309,019)	(470,153)	(497,991)
(Loss) profit for the year	(576,072)	(12,802,085)	(792,018)	(410,814)	828,037
Attributable to:					
Owners of the Company	(337,790)	(8,540,252)	(499,034)	(181,404)	763,511
Non-controlling unitholders of Champion REIT	(188,831)	(4,148,346)	(271,048)	(236,748)	68,184
Non-controlling interests	(49,451)	(113,487)	(21,936)	7,338	(3,658)
	(576,072)	(12,802,085)	(792,018)	(410,814)	828,037
(Loss) earnings per share					
Basic	(HK\$0.48)	(HK\$11.94)	(HK\$0.69)	(HK\$0.25)	HK\$1.02
Diluted	(HK\$0.48)	(HK\$11.94)	(HK\$0.69)	(HK\$0.25)	HK\$1.02
Assets and Liabilities					
Total assets	127,960,446	111,779,591	119,251,235	112,886,533	111,163,169
Total liabilities	(38,050,672)	(36,904,726)	(42,635,404)	(41,705,701)	(40,724,450)
	89,909,774	74,874,865	76,615,831	71,180,832	70,438,719
Attributable to:					
Owners of the Company	68,922,297	58,811,392	61,448,660	56,820,056	56,778,857
Non-controlling unitholders of Champion REIT	21,901,034	16,671,121	15,785,548	14,980,648	14,281,956
Non-controlling interests	(913,557)	(607,648)	(618,377)	(619,872)	(622,094)
	89,909,774	74,874,865	76,615,831	71,180,832	70,438,719

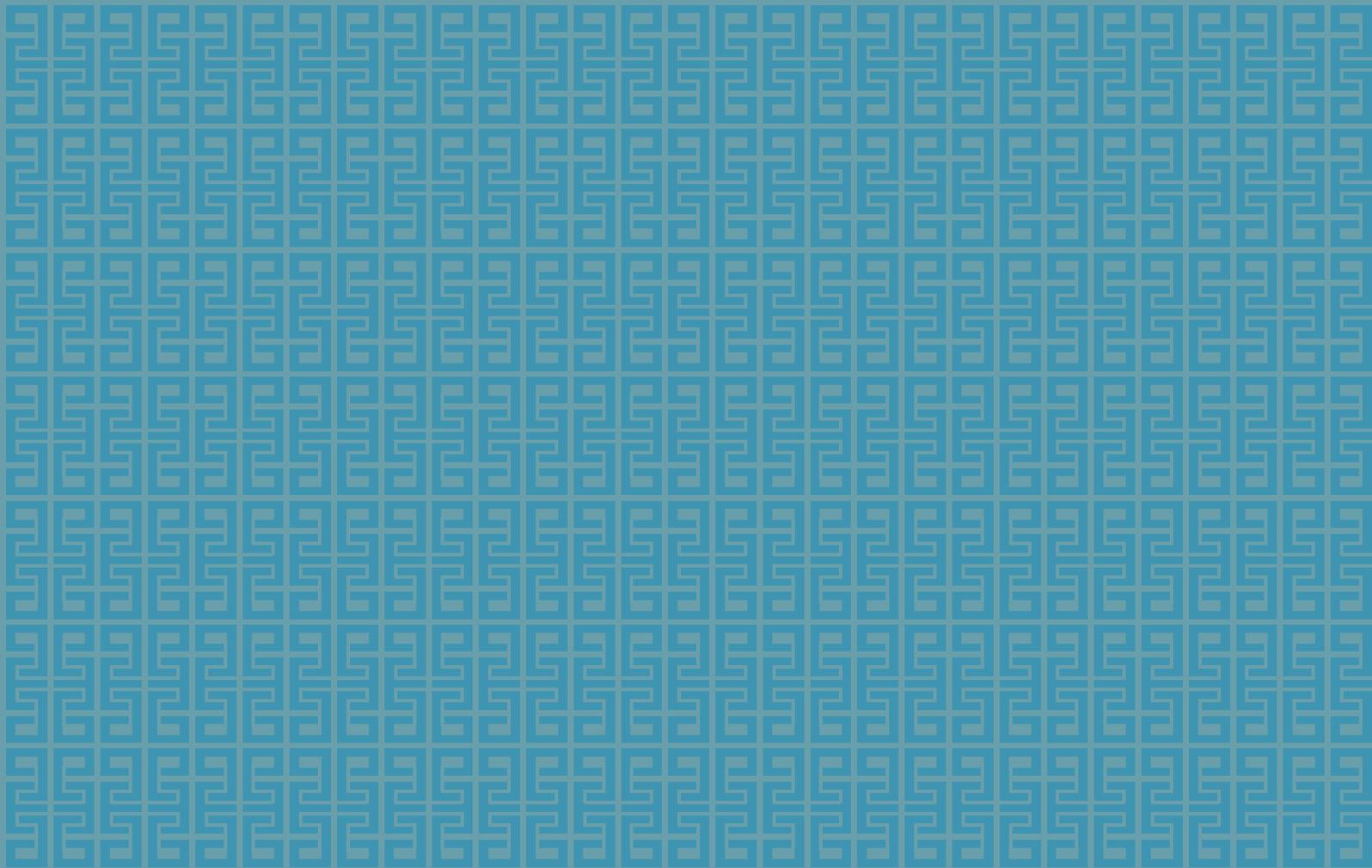
GLOSSARY OF TERMS

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

Term	Definition
"2009 Share Option Scheme"	the share option scheme of the Company adopted by an ordinary resolution passed on 27 May 2009
"2019 Share Option Scheme"	the share option scheme of the Company adopted by an ordinary resolution passed on 22 May 2019
"Board"	Board of Directors of the Company
"Bye-laws"	The bye-laws of the Company as may be amended from time to time
"CG Code"	Corporate Governance Code set out in Appendix C1 to the Listing Rules
"Champion REIT"	Champion Real Estate Investment Trust (Stock Code: 2778), a Hong Kong collective investment scheme authorised under section 104 of SFO, in which the Group has an interest of approximately 69.23% as at 31 December 2023
"Code of Conduct for Securities Transactions"	Code of Conduct regarding Securities Transactions by Directors and Relevant Employees
"Company" or "Great Eagle"	Great Eagle Holdings Limited
"Director(s)"	the director(s) of the Company
"EBITDA"	Earning before interest, taxes, depreciation and amortisation
"Group"	the Company and its subsidiaries
"HITL"	HSBC International Trustee Limited
"HKAS"	Hong Kong Accounting Standard

Term	Definition
"HKFRS"	Hong Kong Financial Reporting Standard
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Langham" or "LHI"	Langham Hospitality Investments and Langham Hospitality Investments Limited (Stock Code: 1270), the share stapled units of which are listed on the Stock Exchange, in which the Group had an interest of approximately 70.23% as at 31 December 2023
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"RevPAR"	Revenue per available room
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of ordinary share(s) in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S. Fund" or "U.S. Real Estate Fund"	Pacific Eagle (US) Real Estate Fund, L.P., in which the Group had an interest of approximately 49.97% as at 31 December 2023
"We" or "us"	the Group, unless the content otherwise requires, i.e. the Company only (Exclude in the Independent Auditor's Report and Financial Statements)





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