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

(Stock Code: 41)

2023 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "**Board**") of Great Eagle Holdings Limited (the "**Company**") announces the consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2023 as follows:

	Year ended 31 December		
	2023 *HK$ million*	**2022** *HK$ million*	**Change**
Key Financials on Income Statement			
Based on core business [1]			
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 principles [2]			
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, Langham Hospitality Investments and Langham Hospitality Investments Limited ("**LHI**") and the U.S. Real Estate Fund ("**U.S. Fund**"), as well as realised gains and losses on financial assets. The management's discussion and analysis 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 principles [2]		
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 4.

[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.

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	**Liabilities**	**Net Assets**
	HK$ million	***HK$ million***	***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	Liabilities	Net Assets
	HK$ million	*HK$ million*	*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	2022	
	HK$ million	*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 ("**RevPAR**") 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 11209, 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.

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.

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.

FINAL DIVIDEND

Taking into account of the Company's expected cash flow positions and projected capital expenditure, the Board recommends the payment of a final dividend of HK50 cents per share (2022: HK50 cents per share) for the year ended 31 December 2023 to the shareholders of the Company (the "**Shareholders**") subject to the approval of the Shareholders at the forthcoming 2024 Annual General Meeting (the "**2024 AGM**").

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 on 20 June 2024 to the Shareholders whose names appear on the Registers of Members of the Company (the "**Registers of Members**") on Tuesday, 11 June 2024.

The Board has previously reviewed the scrip dividend arrangement of the Company and noted that there is a decreasing trend in the election of scrip dividend by minority Shareholders. Additionally, the compliance and administrative procedures associated with a scrip dividend arrangement are relatively costly. In view of the above, the Board has resolved not to provide scrip dividend option to Shareholders.

CLOSURE OF REGISTERS OF MEMBERS

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

(i) To attend and vote at the 2024 AGM

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the 2024 AGM, the Registers of Members 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 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (the "**Branch Share Registrar**") at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 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 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.

ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2024 AGM of the Company will be held on Wednesday, 29 May 2024. The notice of 2024 AGM together with the 2023 Annual Report and all other relevant documents will be despatched to the Shareholders and published on the Group's website at www.GreatEagle.com.hk and the HKEXnews' website at www.hkexnews.hk in April 2024.

GOVERNANCE AND COMPLIANCE

The Company believes that strong governance principles form the foundation of our corporate image, reduce the risk of fraudulent practices and boost Shareholders' confidence and accordingly, serving the long-term interests of every stakeholder. Furthermore, we integrate social and environmental concerns into our business operations. Our commitment to this concept is steadfast as we believe that sustainability could create long-term value for our stakeholders and improve the quality of life in our workplace, the local community as well as the world at large.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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. 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 Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Details of deviations from the code provisions are as follows:

CG Code Provision B.2.2 requires that every Director should be subject to retirement by rotation at least once every three years

Under the existing Bye-laws, the Executive Chairman and Managing Director of the Company are not subject to retirement by rotation. The same provision is contained in The Great Eagle Holdings Limited Company Act, 1990 of Bermuda. As such, Directors who hold the offices of either the Executive Chairman or the Managing Director of the Company are by statute not required to retire by rotation. After due consideration, in particular 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 of Bermuda for the sole purpose of subjecting the Executive Chairman and Managing Director of the Company to retirement by rotation. Dr. Lo Ka Shui is the Executive Chairman and Managing Director of the Company. There is no service contract between the Company and Dr. Lo, 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 will disclose his biographical details in accordance with Rule 13.74 of the Listing Rules in the circular to the Shareholders in relation to, among other things, the re-election of retiring Directors, for Shareholders' information.

CG Code Provision C.1.4 requires that all Directors should participate in continuous professional development to develop and refresh their knowledge and skills

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

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

Dr. Lo Ka Shui is the Chairman of the Board and 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.

EMPLOYMENT AND LABOUR PRACTICES

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. Staff costs (including Directors' emoluments) for the year ended 31 December 2023 amounted to HK$2,946.7 million (2022: HK$2,456.9 million). The Company offers competitive salaries to employees and grant discretionary bonuses based on the performance of the Group as well as individual performance. The Company also provides other employee benefits including 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 employees, the Company organises 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.

SHARE AWARD SCHEME

The Company is contemplating to adopt a share award scheme (the "**Share Award Scheme**") in order 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. The Share Award Scheme is subject to the approval by the Shareholders at a special general meeting of the Company to be held on Wednesday, 29 May 2024 (immediately after the conclusion or adjournment of the forthcoming 2024 AGM). A circular containing, among other things, details of the Share Award Scheme, together with a notice convening the special general meeting, will be despatched to the Shareholders and published on the Group's website at www.GreatEagle.com.hk and the HKEXnews' website at www.hkexnews.hk in April 2024.

COMPLIANCE WITH MODEL CODE

The Company has adopted its own Code of Conduct regarding Securities Transactions by Directors and Relevant Employees (the "**Code of Conduct for Securities Transactions**") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules, and it is updated from time to time in accordance with the Listing Rules requirements.

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

AUDIT COMMITTEE

The annual results of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 6 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

ISSUE OF NEW SHARES

As at 31 December 2023, the total number of issued shares of the Company was 747,723,345. No new share was issued by the Company during the year ended 31 December 2023.

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.

PUBLIC FLOAT

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

BOARD OF DIRECTORS

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

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

Hong Kong, 6 March 2024

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	2023 HK$'000	2022 HK$'000
Revenue	4	**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		**(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	6	**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	7	**(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	8	**(497,991)**	(470,153)
Profit (loss) for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	9	**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:	11		
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

	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:		
Items that will not be reclassified to profit or loss:		
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
Items that may be reclassified subsequently to profit or loss:		
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	**(64,031)**	107,427
Reclassification of fair value adjustments to profit or loss	**(64,609)**	(119)
Deferred tax related to fair value adjustments recognised in other comprehensive income	**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
	338,117	(4,066,537)
Non-controlling unitholders of Champion REIT	**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		**68,603,905**	69,349,079
Property, plant and equipment		**20,117,520**	20,379,056
Interests in joint ventures		**1,292,625**	260,319
Interests in associates		**217,967**	204,018
Equity instruments at fair value through other comprehensive income		**1,449,017**	1,943,495
Notes and loan receivables		**354,676**	432,734
Derivative financial instruments		**37,418**	111,589
		92,073,128	92,680,290
Current assets			
Stock of properties		**11,463,973**	12,068,882
Inventories		**84,047**	127,853
Debtors, deposits and prepayments	12	**732,088**	890,763
Notes and loan receivables		**67,149**	371,341
Financial assets at fair value through profit or loss		**671,292**	539,842
Derivative financial instruments		**96,207**	144,085
Tax recoverable		**8,531**	2,082
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
		19,090,041	20,206,243
Current liabilities			
Creditors, deposits and accruals	13	**4,145,142**	6,719,586
Derivative financial instruments		**-**	2,753
Provision for taxation		**367,641**	253,346
Distribution payable		**139,821**	169,665
Borrowings due within one year		**17,862,291**	7,955,706
Medium term notes		**199,985**	3,017,389
Lease liabilities		**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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	2023	2022
	HK$'000	HK$'000
		(Restated)
Non-current liabilities		
Derivative financial instruments	**120,209**	60,963
Borrowings due after one year	**12,381,465**	18,220,931
Medium term notes	**3,813,632**	4,006,947
Deferred taxation	**1,350,944**	1,286,645
Lease liabilities	**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	**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

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 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.

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.

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

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

- 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.

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

	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**

	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**

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 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

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 and by the Hong Kong Companies Ordinance.

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.

4. REVENUE

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

	2023	2022
	HK$'000	HK$'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

5. SEGMENT INFORMATION

Operating segments are identified on the basis of organisational structure and internal reports about components of the Group. Such internal reports are regularly reviewed by the chief operating decision maker ("CODM") (i.e. the chairman and managing director of the Group) in order to allocate resources to segments and to assess their performance. Performance assessment is more specifically focused on the segment results of Pacific Eagle (US) Real Estate Fund, L.P. and its subsidiaries (collectively referred to as 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.

5. SEGMENT INFORMATION - continued

Segment results of Champion REIT represent the published net property income less manager's fee. Segment results of Langham represent revenue less property related expenses and services fees. Segment results of US Real Estate Fund represent revenue less fund related expenses. Segment results of other operating segments represent the results of each segment without including any effect of allocation of interest income from 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 fair value through profit or loss ("FVTPL"), other income, finance costs and income taxes. The hotel operation segment result has been arrived at after reversing intra-group HKFRS 16 "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.

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$'000	US Real Estate Fund HK$'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.

	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
RESULTS										
Segment results	1,098,163	108,089	798,120	458,308	2,462,680	1,713,717	494,667	8,587	(16,026)	4,663,625
Depreciation					(666,547)	-	(226,900)	(357)	8,772	(885,032)
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

5. **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$'000	US Real Estate Fund HK$'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.

	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
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)

6. **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	**-**	51,686
Sundry income	**39,981**	6,696
Bad debt recovery	**79**	70
	295,510	154,804

7. 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	**(204,095)**	(90,666)
	1,311,725	829,907

8. 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:		
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

9. PROFIT (LOSS) FOR THE YEAR

	2023	2022
	HK$'000	HK$'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 fair value through other comprehensive income	**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

10. 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	**-**	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.

11. 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	2022
	HK$'000	HK$'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.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2023	2022
	HK$'000	HK$'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

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

	2023	2022
	HK$'000	HK$'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

13. CREDITORS, DEPOSITS AND ACCRUALS

	2023	2022
	HK$'000	HK$'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	**2,595,114**	4,625,900
	4,145,142	6,719,586

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

	2023	2022
	HK$'000	HK$'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