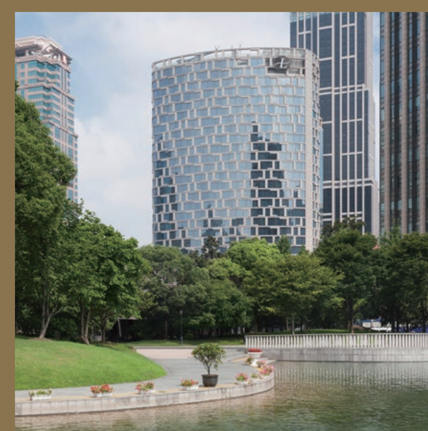
鷹君集團有限公司

Great Eagle Holdings Limited

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

STRATEGIC VISION GROWING NETWORK



2015 ANNUAL REPORT

GROUP PROFILE

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

The Group's principal holdings include a 62.7% interest (as at 31 December 2015) in Champion Real Estate Investment Trust, and a 60.7% interest (as at 31 December 2015) in Langham Hospitality Investments and Langham Hospitality Investments Limited (LHI). Champion Real Estate Investment Trust owns 1.64 million square feet of Grade-A commercial office space in Citibank Plaza in the central business district of Hong Kong, as well as the office tower and shopping mall of Langham Place comprising a total floor area of 1.29 million square feet in the prime shopping district of Mongkok, Kowloon. As for LHI, it owns three high quality hotels in the heart of Kowloon, the 498-room The Langham hotel in the prime shopping district of Tsimshatsui, the 664-room Cordis hotel (rebranded from Langham Place hotel) in the prime shopping area of Mongkok and connected to the Langham Place Office and Mall, and the 465-room Eaton hotel located on the busy arterial Nathan Road.

The Group's development projects include a luxury residential development project in Pak Shek Kok, Tai Po, Hong Kong, two development projects in San Francisco, U.S., and a hotel development project in Tokyo, Japan. The Group also owns a 49.6% equity stake in the U.S. Real Estate Fund, which invests in office properties and residential developments in the U.S. The Group's share of net asset value in the U.S. Real Estate Fund amounted to HK$1,614 million as at the end of December 2015. In addition, the Group is the asset manager of the U.S. Real Estate Fund with an 80% stake in the asset management company of the Fund. The Group is also active in property management and maintenance services as well as building materials trading.

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

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

The Group had a core profit after tax of approximately HK$1,780 million in the financial year 2015 and a net asset value (based on share of net assets of Champion Real Estate Investment Trust and LHI) of approximately HK$63 billion as of 31 December 2015.

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CORPORATE INFORMATION

DIRECTORS

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

Non-executive Directors
* Independent Non-executive Directors
^ has been appointed with effect from 18 March 2016

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

FINANCE COMMITTEE

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

COMPANY SECRETARY

WONG Mei Ling, Marina

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISORS

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Email: hkinfo@computershare.com.hk

WEBSITE

www.GreatEagle.com.hk

STOCK CODE

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DIVIDEND NOTICE

FINAL DIVIDENDS

The Board of Directors recommended the payment of a final dividend of HK47 cents per share (2014: HK47 cents per share) and a special final dividend of HK$2.00 per share (2014: Nil) for the year ended 31 December 2015 to the Shareholders whose names appear on the Registers of Members on Friday, 20 May 2016 subject to the approval of the Shareholders at the forthcoming 2016 Annual General Meeting.

Taken together with the interim dividend of HK27 cents per share paid on 16 October 2015, the total dividend for the year 2015 is HK$2.74 per share (2014 total dividend: HK74 cents per share, comprising an interim dividend of HK27 cents and a final dividend of HK47 cents).

Shareholders will be given the option to receive the proposed 2015 final dividend of HK47 cents per share in new shares in lieu of cash and the special final dividend of HK$2.00 per share will be paid in form of cash. The scrip dividend arrangement is subject to: (1) the approval of proposed 2015 final dividend and special final dividend at the 2016 Annual General Meeting; and (2) the Stock Exchange granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular containing details of the scrip dividend arrangement will be despatched to the Shareholders together with the form of election for scrip dividend in May 2016. Dividend warrants and share certificates in respect of the proposed 2015 final dividend and special final dividend are expected to be despatched to the Shareholders on 22 June 2016.

CLOSURE OF REGISTERS OF MEMBERS

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

(i) To attend and vote at the 2016 Annual General Meeting

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the 2016 Annual General Meeting, the Registers of Members of the Company will be closed from Wednesday, 4 May 2016 to Tuesday, 10 May 2016, both days inclusive.

In order to be eligible to attend and vote at the 2016 Annual General Meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong for registration not later than 4:30 p.m. on Tuesday, 3 May 2016.

(ii) To qualify for the proposed 2015 final dividend and special final dividend

For the purpose of ascertaining the Shareholders' entitlement to the proposed 2015 final dividend and special final dividend, the Registers of Members of the Company will be closed from Tuesday, 17 May 2016 to Friday, 20 May 2016, both days inclusive.

In order to qualify for the proposed 2015 final dividend and special final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong for registration not later than 4:30 p.m. on Monday, 16 May 2016.

FINANCIAL HIGHLIGHTS AND FINANCIAL CALENDAR

Key Financials on Income Statement	Year ended 31 December 2015 HK$ million	 2014 HK$ million	 Change
Based on core business[1]			
Revenue based on core business	**5,622.6**	5,594.5	0.5%
Core profit after tax attributable to equity holders	**1,780.1**	1,919.2	-7.2%
Core profit after tax attributable to equity holders (per share)	**HK$2.68**	HK$2.93	
Based on statutory accounting principles[2]			
Revenue based on statutory accounting principles	**8,270.9**	8,127.4	1.8%
Statutory Profit attributable to equity holders	**3,312.3**	2,115.1	56.6%
Interim Dividend (per share)	**HK$0.27**	HK$0.27	
Final Dividend (per share)	**HK$0.47**	HK$0.47	
Special Final Dividend (per share)	**HK$2.00**	–	
Total Dividend (per share)	**HK$2.74**	HK$0.74	

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

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

FINANCIAL HIGHLIGHTS AND FINANCIAL CALENDAR

Key Financials on Balance Sheet	As at the end of December 2015	June 2015
Based on share of Net Assets of Champion REIT, LHI and the U.S. Fund (core balance sheet)[1]		
Net gearing	**Net Cash**	Net Cash
Book value (per share)	**HK$94.5**	HK$91.1
Based on statutory accounting principles[2]		
Net gearing	**37.7 %**	35.6%
Book value (per share)	**HK$81.7**	HK$79.7

1 The Group's core balance sheet is derived from our share of net assets of LHI. As the hotels owned by LHI are classified as investment properties, the values of these hotels were marked to market. More details about the balance sheet derived from our share of net assets in Champion REIT, LHI and the U.S. Fund are on page 8.

2 As for the Group's balance sheet prepared under the statutory accounting principles, the entire debts of Champion REIT, LHI and the U.S. Fund were consolidated in aggregate. However, the Group only owns a 62.7%, 60.7% and 49.6% equity stake of Champion REIT, LHI and the U.S. Fund respectively as at the end of December 2015.

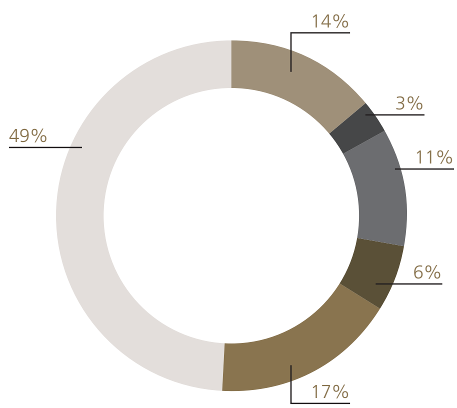
FINANCIAL CALENDAR

2015 Interim Results Announcement	:	20 August 2015
Payment of 2015 Interim Dividend of HK27 cents per share	:	16 October 2015
2015 Annual Results Announcement	:	1 March 2016
Closure of Registers for ascertaining the entitlement to attend and vote at the 2016 Annual General Meeting	:	4 May 2016 –10 May 2016 (both days inclusive)
2016 Annual General Meeting	:	10 May 2016
Ex-dividend Date	:	13 May 2016
Closure of Registers for ascertaining the entitlement to the proposed 2015 Final Dividend and Special Final Dividend	:	17 May 2016 – 20 May 2016 (both days inclusive)
Record Date for 2015 Final Dividend and Special Final Dividend	:	20 May 2016
Payment of 2015 Final Dividend of HK47 cents per share and Special Final Dividend of HK$2.00 per share	:	22 June 2016

FINANCIAL HIGHLIGHTS AND FINANCIAL CALENDAR

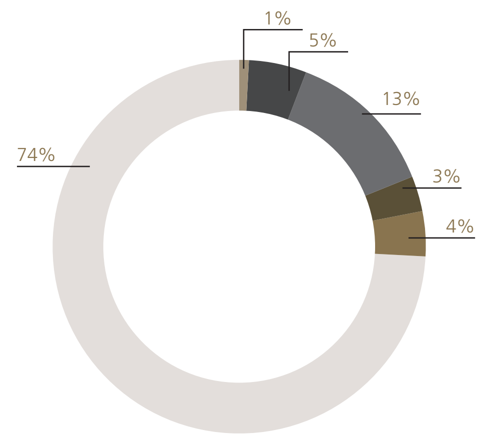
ASSETS EMPLOYED

Total Assets HK$84,777 million



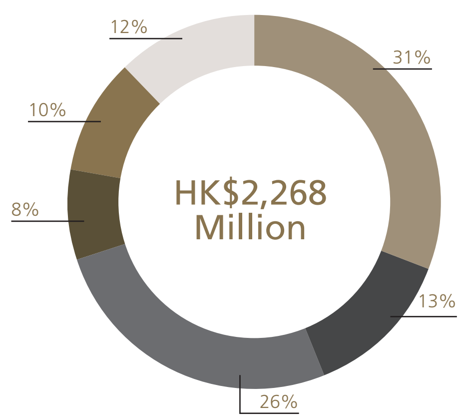
- Property investment
- Hotel operation
- Other operations
- Share of assets of Champion REIT
- Share of assets of LHI
- Share of assets of U.S. Fund

FINANCED BY



- Non-current liabilities
- Current liabilities
- Share of liabilities of Champion REIT
- Share of liabilities of LHI
- Share of liabilities of U.S. Fund
- Equity attributable to equity holders

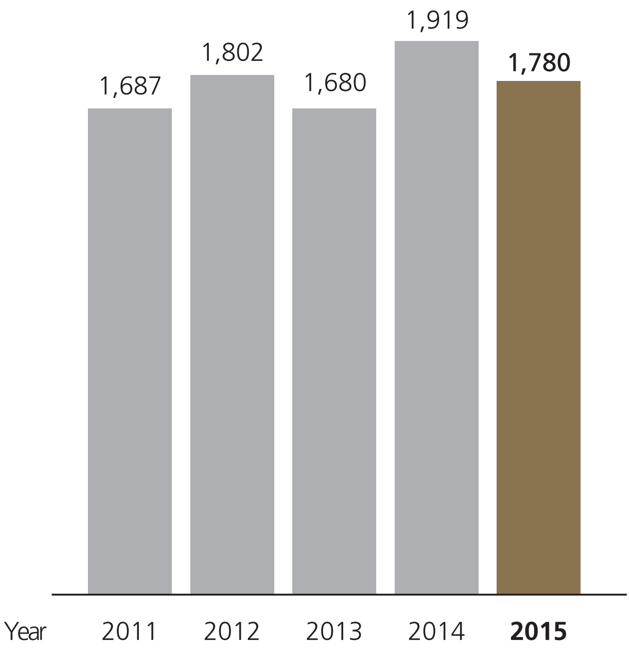
OPERATING INCOME FROM CORE BUSINESS



- Net rental income
- Hotel EBITDA
- Operating income from other operations
- Management fee income from Champion REIT
- Distribution from Champion REIT
- Distribution from LHI

CORE PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

HK$ million



CHAIRMAN'S STATEMENT

CORE PROFIT – FINANCIAL FIGURES BASED ON CORE BUSINESS

	Year ended 31 December		
	2015 HK$ million	2014 HK$ million	Change
Revenue from core business			
Gross Rental Income	**236.4**	417.0	-43.3%
Hotels Division	**3,627.6**	3,361.4	7.9%
Management Fee Income from Champion REIT	**292.9**	310.2	-5.6%
Distribution Income from Champion REIT^	**714.7**	717.2	-0.3%
Distribution Income from LHI^	**275.7**	306.0	-9.9%
Other operations	**475.3**	482.6	-1.5%
	5,622.6	5,594.4	0.5%
Net Rental Income	**174.5**	262.8	-33.6%
Hotel EBITDA	**593.4**	514.7	15.3%
Management Fee Income from Champion REIT	**292.9**	310.2	-5.6%
Distribution Income from Champion REIT^	**714.7**	717.2	-0.3%
Distribution Income from LHI^	**275.7**	306.0	-9.9%
Operating Income from other operations	**216.8**	195.7	10.8%
Operating Income from core business	**2,268.0**	2,306.6	-1.7%
Depreciation	**(165.0)**	(143.4)	15.1%
Administrative expenses	**(337.2)**	(314.5)	7.2%
Other expense	**(71.3)**	(93.2)	-23.5%
Other income	**263.6**	195.0	35.2%
Interest income	**149.4**	291.3	-48.7%
Finance costs	**(174.8)**	(166.3)	5.1%
Share of results of associates	**(3.4)**	9.5	n.m.
Share of results of a Joint Venture	**(19.9)**	(36.4)	-45.3%
Core profit before tax	**1,909.4**	2,048.6	-6.8%
Taxes	**(123.7)**	(126.9)	-2.5%
Core profit after tax	**1,785.7**	1,921.7	-7.1%
Non-controlling interest	**(5.6)**	(2.5)	124.0%
Core profit attributable to equity holders	**1,780.1**	1,919.2	-7.2%

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

SEGMENT ASSETS AND LIABILITIES (BASED ON NET ASSETS OF CHAMPION REIT, LHI AND THE U.S. FUND)

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

31 December 2015

	Assets HK$ million	**Liabilities HK$ million**	**Net Assets HK$ million**
Great Eagle operations (note 1)	**29,204**	**5,863**	**23,341**
Champion REIT (note 2)	**41,373**	**10,600**	**30,773**
LHI (note 2)	**11,413**	**4,323**	**7,090**
U.S. Fund (note 3)	**2,787**	**1,173**	**1,614**
	84,777	**21,959**	**62,818**

31 December 2014

	Assets HK$ million	Liabilities HK$ million	Net Assets HK$ million
Great Eagle operations (note 1)	31,742	8,293	23,449
Champion REIT (note 2)	39,239	10,357	28,882
LHI (note 2)	10,308	4,088	6,220
U.S. Fund (note 3)	1,043	255	788
	82,332	22,993	59,339

Note 1: Included in the assets and liabilities are cash of HK$5,106,205,000 (31 December 2014: HK$7,765,491,000) and principal debts of HK$3,585,004,000 (31 December 2014: HK$6,089,419,000), representing net cash of HK$1,521,201,000 as at 31 December 2015 (31 December 2014: net cash of HK$1,676,072,000).

Note 2: Assets and liabilities of Champion REIT and LHI are based on published financial results of Champion REIT and LHI, excluding distribution payable attributable from Champion REIT of HK$373 million (31 December 2014: HK$354 million), at the respective interests held by Great Eagle Holdings Limited, being 62.7% and 60.7% (31 December 2014: 61.7% interests in Champion REIT and 58.2% interests in LHI held) respectively. Additionally, the assets of LHI include the hotel properties' appraised value of HK$18,381 million as of 31 December 2015 (31 December 2014: HK$17,000 million).

Note 3: Assets and liabilities of the U.S. Fund are based on financial information of the Fund at the 49.6% interest held by Great Eagle Holdings Limited.

CHAIRMAN'S STATEMENT

FINANCIAL FIGURES BASED ON STATUTORY ACCOUNTING PRINCIPLES

	Year ended 31 December		
	2015 **HK$ million**	2014 (Restated) HK$ million	Change
Revenue based on statutory accounting principles			
Gross Rental Income	**236.4**	417.0	-43.3%
Hotels Division	**5,159.1**	5,020.3	2.8%
Other operations (including management fee from Champion REIT)	**768.2**	792.8	-3.1%
Gross Rental Income – Champion REIT	**2,289.3**	2,288.2	0.0%
Gross Rental Income – LHI	**682.2**	751.7	-9.2%
Gross Rental Income – U.S. Fund	**246.5**	22.6	n.m.
Elimination on Intra – Group transactions	**(1,110.8)**	(1,165.2)	-4.7%
Consolidated total revenue	**8,270.9**	8,127.4	1.8%
Net Rental Income	**174.5**	262.8	-33.6%
Hotel EBITDA	**593.4**	514.7	15.3%
Operating income from other operations	**509.7**	505.9	0.8%
Net Rental Income – Champion REIT	**1,569.5**	1,584.3	-0.9%
Net Rental Income – LHI	**563.4**	624.1	-9.7%
Net Rental Income – U.S. Fund	**71.7**	4.7	n.m.
Elimination on Intra-Group transaction	**(21.0)**	(8.1)	n.m.
Consolidated Operating Income	**3,461.2**	3,488.4	-0.8%
Depreciation	**(606.5)**	(487.8)	24.3%
Fair value changes on Investment Properties	**3,011.9**	1,204.9	150.0%
Fair value changes on Derivative Financial Instruments	**1.8**	(0.3)	n.m.
Fair value changes on financial assets at fair value through profit or loss	**(45.0)**	2.3	n.m.
Impairment loss on available-for-sale investments	**(45.8)**	–	n.a.
Reversal of impairment loss in respect of a hotel property	**284.4**	–	n.a.
Administration expenses	**(373.1)**	(350.6)	6.4%
Other expenses	**(139.8)**	(220.9)	-36.7%
Other income	**266.3**	261.2	2.0%
Interest income	**167.7**	278.4	-39.8%
Finance costs	**(686.5)**	(623.4)	10.1%
Share of results of associates	**(3.4)**	(9.7)	-64.9%
Share of results of a Joint Venture	**(19.9)**	(36.4)	-45.3%
Statutory profit before tax	**5,273.3**	3,506.1	50.4%
Taxes	**(539.2)**	(496.3)	8.6%
Statutory profit after tax	**4,734.1**	3,009.8	57.3%
Non-controlling interest	**(1,421.8)**	(894.7)	58.9%
Statutory profit attributable to equity holders	**3,312.3**	2,115.1	56.6%

CHAIRMAN'S STATEMENT

OVERVIEW

During 2015, the Group made progresses with its cautious strategy in selectively expanding its asset base. The Group had acquired two development projects in the prime areas of San Francisco, U.S. and had entered into an agreement to acquire a hotel redevelopment site in downtown Tokyo, Japan. When these projects complete in the coming years, they will drive the growth of the Group's earnings, as well as enabling our hotel brands to build market share in the world's most sought-after cities.

Furthermore, as the asset manager of the U.S. Real Estate Fund (U.S. Fund), we had acquired an office building of 336,355 sq. ft. in Seattle's central business district and a property in Malibu, Los Angeles in September 2015. Total acquisition costs for these two investments of US$186.5 million were paid by the U.S. Fund.

As for the Group's core profit in 2015, core profit attributable to equity holders declined by 7.2% to HK$1,780.1 million in 2015 (2014: HK$1,919.2 million), which was impacted by non-operational factors including lower interest income, whilst the drop in the Group's core operating income, which reflected the performance of the Group's core business, was much more moderate and fell by only 1.7% to HK$2,268.0 million in 2015 (2014: HK$2,306.6 million).

Revenue based on the core business of the Group reached HK$5,622.6 million, which was 0.5% higher than that of last year (2014: HK$5,594.4 million). The increase was predominantly due to higher revenue from the Hotels Division, for which had delivered a 7.9% revenue growth in 2015. Nevertheless, a majority of the Group's other businesses have mostly witnessed a decline in revenue in 2015.

The increase in revenue of the Hotels Division was primarily attributable to an additional revenue contribution from The Langham, Xintiandi, which became a wholly-owned hotel in December 2014. Distribution income from Champion REIT only dropped by 0.3% in 2015 as we had increased holding in the REIT. On the other hand, management fee income from Champion REIT had dropped by 5.6% in 2015. A decline in the Group's gross rental income in 2015 was due to a lack of recognition of rental contribution from the three U.S. office properties, as they had been transferred to the U.S. Fund, whereas the decline in distribution income from LHI was primarily due to a drop in revenue of the Hong Kong hotels.

Although overall core revenue of the Group was modestly lifted by higher revenue achieved by the Hotels Division, the Group's operating income from core business dropped by 1.7% to HK$2,268.0 million in 2015 (2014: HK$2,306.6 million), as the increase in operating income of the Hotels Division was not enough to offset the decrease in operating income of all other divisions. Note that our share of asset and property management fee income from the U.S. Fund, which the Group has a 49.6% stake, was HK$44.0 million in 2015 (2014: HK$4.5 million) and was included under "other operations" of operating income.

CHAIRMAN'S STATEMENT

The Group's administration expenses rose by 7.2% to HK$337.2 million in 2015 (2014: HK$314.5 million), as our businesses expanded. Nonetheless, the Group's other income, which included gains on our non-core investments increased by 35.2% to HK$263.6 million in 2015 (2014: HK$195.0 million), as a disposal gain amounting to HK$110.3 million (2014: Nil) was recognised for the sale of our investment in an associate in 2015. Also, included in the Group's other income in 2015 were realised gains on securities of HK$79.3 million (2014: HK$133.8 million). For the sake of clarity, only realised gains and losses were included in core profit.

A key factor contributing to the decline in core profit was the lower interest income recorded in 2015, which fell by 48.7% to HK$149.4 million (2014: HK$291.3 million). The decline in interest income was a result of our cautious stance towards Renminbi in 2015. Despite the higher deposit interest rates offered by Renminbi or Renminbi-

linked deposits, the Group had scaled back for placing such deposits in 2015, which led to the drop in interest income in 2015. In fact, in addition to the planned conversion of the unearmarked Renminbi in July 2015 as reported in 2015's interim report, we had effectively converted almost all of the Group's remaining Renminbi balance back into Hong Kong dollars by the end of August 2015. In hindsight, the conversion had turned out to be well timed, given the Renminbi had depreciated rapidly towards the end of 2015. However, such conversion had resulted in realised exchange losses of HK$67.2 million, which were included under the "other expenses" item in 2015's core profit.

Finance costs rose 5.1% to HK$174.8 million in 2015 (2014: HK$166.3 million), as additional interest expense was incurred upon consolidation of the debt of The Langham, Xintiandi. Share of losses of associates was HK$3.4 million, which was mostly attributable to the operating losses incurred by an associate before we sold the investment. Loss of a joint venture had reduced to HK$19.9 million in 2015 (2014: loss of HK$36.4 million), as less marketing and administrative expenses were incurred for the project in Dalian. All-in-all, core profit after tax attributable to equity holders dropped by 7.2% to HK$1,780.1 million in 2015 (2014: HK$1,919.2 million).

BUSINESS REVIEW

HOTELS DIVISION

	Year ended 31 December		
	2015 HK$ million	2014 HK$ million	Change
Hotel Revenue			
Overseas Hotels – Europe	**535.6**	553.6	-3.3%
– North America	**1,857.5**	1,822.8	1.9%
– Australia/New Zealand	**730.1**	803.0	-9.1%
– China	**352.0**	13.9	n.m.
Others (including hotel management income)	**152.4**	168.1	-9.3%
Total Hotel Revenue	**3,627.6**	3,361.4	7.9%
Hotel EBITDA			
Overseas Hotels – Europe	**119.6**	125.3	-4.5%
– North America	**174.0**	131.5	32.3%
– Australia/New Zealand	**111.5**	123.1	-9.4%
– China	**101.1**	0.8	n.m.
Others (including hotel management income)	**87.2**	134.0	-34.9%
Total Hotel EBITDA	**593.4**	514.7	15.3%

Revenue of the Hotels Division, which comprised of eleven wholly-owned overseas hotels, and other Hotels Division related businesses such as hotel management income, rose by 7.9% to HK$3,627.6 million in 2015. The increase in revenue of the Hotels Division was primarily attributable to the additional revenue contribution from The Langham, Xintiandi, which became a wholly-owned hotel in December 2014. Whereas prior to the full-interest acquisition, the Group only owned a one-third stake in The Langham, Xintiandi, and previously our share of its results was represented under the 'Share of results of associates'. The hotel in downtown Washington, D.C., U.S. has still been undergoing renovation and was closed throughout 2015.

EBITDA of the Hotels Division grew at a faster rate of 15.3% to HK$593.4 million in 2015, as the EBITDA margin of The Langham, Xintiandi was higher, and the margin of the North American hotels was improved, when The Langham, Chicago had made a turnaround in 2015 from its loss making position in 2014.

In terms of the performances of the North America portfolio, EBITDA growth was mainly driven by The Langham, Chicago, which turned into a profit after operations had been ramped up, Chelsea Hotel in Toronto also performed better after all the renovation works had been completed by June 2015. However, EBITDA growth of the Toronto hotel in 2015 was dragged by adverse currency movement against Hong Kong dollar.

As for the Australasia portfolio, there was growth in revenue and EBITDA of the portfolio was in local currency terms, but given adverse currency movement, it had been translated into decline in Hong Kong dollar terms. In local currency terms, growth in EBITDA of the Australasia portfolio was driven by performance at The Langham Auckland, whereas The Langham, Sydney still incurred a loss in 2015, where occupancy of the hotel remained low in 2015.

In local currency terms, the hotel in Europe, The Langham, London also witnessed an improvement in business in the second half of 2015 when compared with that during the first half period, and had delivered a modest growth in both revenue and EBITDA for the full year in 2015. However, given adverse currency movement, the growth had been translated into decline in Hong Kong dollar terms. In China, the growth in revenue and EBITDA of The Langham, Xintiandi was a result of the full-year contribution from the hotel.

While EBITDA of the overseas hotels had increased in 2015 as a whole, there was increased deficit incurred for acting as the lessee of LHI's hotels and hotel management fee income was also lowered and these have resulted in a reduction in other income from the Hotels Division.

As the lessee of LHI, the Group receives income from LHI's hotels and in return pays rents to LHI. As there was a drop in the hotels' income in 2015, this led to a shortfall between the income and the rents paid to LHI. The shortfall or deficit incurred by the Group as the Lessee of LHI's hotels was included in "others" under breakdown of the Hotels Division. Hotel management fee income also declined in 2015, which was due to a lower hotel management fee received from LHI, and the absence of management fee income from The Langham, Xintiandi, when it become a wholly-owned hotel in December 2014 and hotel management fee received from The Langham, Xintiandi was eliminated after Intra-Group eliminations.

HOTELS PERFORMANCE

	Average Daily Rooms Available		Occupancy		Average Room Rate (local currency)		RevPar (local currency)	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
The Langham, Hong Kong	**457**	465	**84.7%**	88.9%	**2,198**	2,295	**1,862**	2,040
Cordis, Hong Kong*	**620**	650	**89.7%**	91.2%	**1,734**	1,871	**1,555**	1,706
Eaton, Hong Kong	**465**	465	**89.5%**	96.1%	**1,093**	1,213	**978**	1,166
The Langham, London	**341**	366	**80.8%**	81.1%	**294**	266	**238**	216
The Langham, Melbourne	**388**	388	**86.5%**	86.1%	**301**	285	**261**	246
The Langham, Auckland	**409**	409	**83.5%**	82.6%	**190**	173	**159**	143
The Langham, Sydney	**88**	58	**63.2%**	82.3%	**415**	303	**262**	250
The Langham, Boston	**318**	318	**84.0%**	82.0%	**273**	256	**229**	210
The Langham Huntington, Pasadena	**380**	380	**73.7%**	77.0%	**263**	251	**194**	194
The Langham, Chicago	**316**	315	**69.9%**	60.0%	**352**	326	**246**	196
Chelsea Hotel, Toronto	**1,590**	1,590	**70.2%**	71.4%	**137**	130	**96**	93
Langham Place, Fifth Avenue, New York	**214**	214	**74.5%**	74.5%	**549**	538	**409**	400
The Langham, Xintiandi, Shanghai^	**357**	356	**70.8%**	69.3%	**1,758**	1,669	**1,245**	1,156

* Rebranded from Langham Place, Hong Kong in August 2015

^ The hotel became wholly owned on 11 December 2014, but operating statistic for 2014 covered operation from 1 January to 31 December 2014

HONG KONG HOTELS

After the spinoff of the Hong Kong hotels, the financial returns on the Group's 60.7% equity stake in the three hotels in Hong Kong were reflected through our investment in LHI, under the section "Investment in LHI".

The Langham, Hong Kong

The Langham, Hong Kong managed to increase its share of arrivals from the Mainland China slightly in 2015 as compared with that in 2014, while arrivals from the U.S., which is another key market for the hotel, remained flat in 2015 as compared to 2014. However, arrivals fell for almost all of the other key markets, including Australia, Europe and other Asian countries. Revenue from Food and Beverage ("F&B") rose by 2% in 2015, which was due to stronger banqueting business, as well as pick-up in business from the Chinese restaurant, which achieved a three star-rating from Michelin in November 2015. This will help to enhance revenue growth of F&B in 2016.

During 2015, the hotel achieved average occupancy of 84.7% on an average of 457 rooms (2014: 88.9% on an average of 465 rooms) and an average room rate of HK$2,198 (2014: HK$2,295). RevPAR was HK$1,862 in 2015, down 8.7% from 2014.

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

Cordis, Hong Kong also accommodated more arrivals from Mainland China, while arrivals from most of the other key markets had dropped in 2015 as compared with that in 2014. However, the Cordis, Hong Kong witnessed a low single-digit improvement in RevPAR during the fourth quarter of 2015. As for the renovation of its rooms, they have all been completed by the end of November 2015 which will help the hotel attract guests going forward. Revenue from F&B dropped by 2% in 2015. The decrease was attributable to a drop in revenue at The Place restaurant, which underwent renovation during the first quarter of 2015.

For the year 2015, the hotel achieved average occupancy of 89.7% (2014: 91.2%) and an average room rate of HK$1,734 (2014: HK$1,871). RevPAR in 2015 dropped 8.9% year-on-year to HK$1,555.

Eaton, Hong Kong

Eaton, Hong Kong suffered more from weaker overnight tourist visitations from Mainland China, as compared with the other two hotels of the portfolio. The Eaton, Hong Kong witnessed a 34.7% drop in arrivals from the Mainland China market in 2015, as it faced intense competition from other lower-priced hotels. Even though Eaton's lowered room rates have attracted more budget travellers from other key markets like Australia, U.S., United Kingdom and other Asian countries, such increase was unable to offset the large decline in arrivals from Mainland China. Revenue from F&B at the Eaton, Hong Kong, dropped by 2% in 2015 on lower banqueting revenue.

For the year 2015, the hotel achieved average occupancy of 89.5% (2014: 96.1%) and an average room rate of HK$1,093 (2014: HK$1,213). RevPAR dropped 16.1% to HK$978 in 2015.

OVERSEAS HOTELS

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

EUROPE

The Langham, London

Despite the soft business during the first half of 2015, the completion of the hotel's Sterling suite and club lounge in July 2015, as well as major event held in city helped The Langham, London to drive average rate growth during the second half of 2015. Therefore, even with ongoing renovation had reduced the number of available rooms in 2015, there was still a growth in the room revenue in 2015. Revenue from F&B rose by 8% in 2015, which was due to improved business from the restaurants. After the success of the renovated suite, renovations on another 109 rooms had begun in November 2015, and are expected to complete in the second quarter of 2016. These renovations will further position the hotel as one of the most luxurious hotels in Central London.

For the year 2015, the hotel achieved occupancy of 80.8% on an average of 341 available rooms (2014: 81.1% on an average of 366 available rooms) and an average room rate of £294 (2014: £266).

NORTH AMERICA

The Langham, Boston

With an increase in the number of conventions held in the city in 2015, this had enabled the hotel to raise its room rates by 7% while still achieving occupancy growth in 2015. In addition to the growth in room revenue, revenue from F&B also increased by 10% in 2015, which was attributable to an increase in catering business, as more corporate meetings and conference activities were held, and most of the restaurants also witnessed growth in business in 2015.

For the year 2015, the hotel achieved average occupancy of 84% (2014: 82%) and an average room rate of US$273 (2014: US$256).

The Langham Huntington, Pasadena

While there was a drop in corporate group business for the hotel, it targeted more retail travellers to make up for the shortfall in group business. Even though the guest mix towards higher yielding leisure travellers helped to lift average room rates for the hotel in 2015, the increase in the number of retail travellers was not enough to offset the slowdown in corporate group business. Hence, occupancy for the hotel dropped in 2015. Revenue from F&B rose by 7% in 2015, which was driven by the improved catering business.

For the year 2015, the hotel achieved average occupancy of 73.7% (2014: 77%) and an average rate of US$263 (2014: US$251).

The Langham, Chicago

Given a relatively low base for comparison in 2014, there was an improvement across the board from both retail and corporate travellers in 2015. This led to both occupancy and average rate growth for the hotel. Occupancy for the hotel increased by 9.9 percentage points year-on-year, while average room rates rose 8% during 2015, bringing RevPAR of the hotel up 25.5% in 2015. Compared with a loss incurred in 2014, the hotel turned a profit in 2015. Revenue from F&B rose by 17% in 2015. The increase was also across the board generating from improvement in catering and restaurant business.

For the year 2015, the hotel achieved occupancy of 69.9% (2014: 60%) and an average rate of US$352 (2014: US$326).

Langham Place, Fifth Avenue, New York

The hotel faced a more challenging operating environment in 2015, as there was increased room supply in the city. The hotel managed to stabilise its occupancy for the year, after witnessing a drop in occupancy during the first half year period. Revenue from F&B, which only comprised of revenue from the lounge on the ground floor and catering business from its meeting and convention facilities, declined by 10% in 2015. The decline was due to the temporary closure of the banquet facilities, which were undergoing renovation from the end of May 2015 to November 2015.

Renovations to the rooms and some of the hotel facilities had already commenced and are expected to complete by the end of the second quarter of 2016.

For the year 2015, the hotel achieved average occupancy of 74.5% (2014: 74.5%) and an average rate of US$549 (2014: US$538).

Chelsea Hotel, Toronto (rebranded from Eaton Chelsea on 1 January 2015)

While the occupancy of the hotel had been negatively impacted by the soft renovation during the first half of 2015, the performance of the hotel had gradually improved over the second half of 2015, after the completion of the renovation in June 2015. The hotel also hosted the Pan-am Games held in the city during summer of 2015, which helped the hotel to command higher room rates. Revenue from F&B rose by 8% in 2015, which was attributable to improved catering business, as well as the growth in business in a majority of the restaurants. This served to offset a decline in revenue from Bistro restaurant, which was closed during the first quarter of 2015.

For the year 2015, the hotel achieved average occupancy of 70.2% (2014: 71.4%) and an average rate of C$137 (2014: C$130).

AUSTRALIA/NEW ZEALAND

The Langham, Melbourne

The hotel secured more high yielding retail and group travellers in 2015, when there was an increase in demand for hotel rooms with several high profile events being hosted in the city. The hotel was allowed to improve its room rates in 2015, while still maintaining its occupancy during the period. However, revenue from F&B fell slightly in 2015 given softer business at Melba restaurant.

For the year 2015, the hotel achieved occupancy of 86.5% (2014: 86.1%) and an average rate of A$301 (2014: A$285).

The Langham, Sydney

The hotel reopened since December 2014 after it had been closed for a major renovation. However, the performance was impacted during the first quarter of 2015 as some of the hotel's key facilities were not available until the later part of the first quarter of 2015. Although there was an improvement in business from the second quarter onwards, occupancy of the hotel was still low for the year as a whole. On the positive side, the re-launch of the renovated rooms and hotel facilities were very well received by the market, and this allowed the hotel to achieve a 37% growth in average room rates in 2015. Revenue from F&B also gained momentum since the second quarter of 2015 with improved business in catering and some of the restaurants.

Some of the rooms underwent further improvement works in December 2015, which are expected to complete by the end of the first quarter of 2016.

For the year 2015, the hotel achieved occupancy of 63.2% on an average of 88 available rooms (2014: 82.3% on an average of 58 available rooms) and an average rate of A$415 (2014: A$303).

The Langham, Auckland

With major events being hosted in the city during 2015, the hotel managed to change its guest mix towards higher yielding retail travellers, which helped lift its room rates by 9.8% in 2015. A decent demand for rooms from the corporate and group segments also helped boost occupancy for the hotel in 2015. Revenue from F&B rose by 4% in 2015. Most of the restaurants delivered revenue growths. There was also an improvement in revenue at the Crystal function room from the second quarter onwards, after it has been closed for refurbishment during the first quarter of 2015.

For the year 2015, the hotel achieved average occupancy of 83.5% (2014: 82.6%) and an average rate of NZ$190 (2014: NZ$173).

CHINA

The Langham, Xintiandi, Shanghai (became a wholly owned hotel from 11 December 2014)

Supported by the improved demand from both corporate group and retail travellers, the hotel managed to raise its average room rates in 2015, given occupancy also rose during the same period. Revenue from F&B rose by 10% in 2015, which was driven by banqueting and catering business, as more corporate meetings and conferences were held.

For the year 2015, the hotel achieved occupancy of 70.8% (2014: 69.3%) and an average rate of RMB1,758 (2014: RMB1,669).

HOTEL MANAGEMENT BUSINESS

As at the end of December 2015, there were six hotels with approximately 2,000 rooms in our management portfolio. As compared with the number of managed hotels as at the end of June 2015, one long-term hotel management contract was added to the growing portfolio of hotels under management, the Langham Place hotel in Haining with 263 rooms. However, the Eaton Smart, New Delhi Airport hotel with 93 rooms left our management portfolio in December 2015. It should also be noted that The Langham, Xintiandi was excluded in calculating the number of hotels in our management portfolio, as the hotel became wholly owned by the Group from 11 December 2014, and was no longer classified as a managed hotel.

ASSET ACQUISITIONS

Hotel in Washington D.C., USA

In July 2014, the Group completed the acquisition of a 265-key hotel in Washington, D.C., USA for US$72 million. The hotel is located in the heart of downtown Washington in the proximity of the White House. The hotel had been closed since 15 December 2014 for a major renovation and will reopen as a brand new 260-key "Eaton" hotel. As this is the first Eaton hotel in the U.S., it will set the standard for our revamped Eaton lifestyle brand, which focuses on the younger and more socially oriented travellers. More time was required on the design to ensure that it will entirely fit the need of its targeted travellers. Therefore, there would be a few months of delay on the completion of renovation. The hotel is expected to open in the first half of 2017.

Hotels in Shanghai, China

In August 2014, the Group entered into agreements to acquire interests in two hotels in Shanghai. Of these hotels, the Group had completed the acquisition of the remaining two-third interest in The Langham, Xintiandi that the Group did not previously own in December 2014.

As for the acquisition of the entire interest in the HUB hotel, which is directly connected to Hongqiao's transportation hub with approximately 400 rooms. The Group took possession of the bare-shell hotel in May 2015, interior design was confirmed and review of mock-up rooms was completed by the end of 2015. Fitting-out works will follow and opening of the hotel under the Cordis brand is targeted for early 2017.

DEVELOPMENT PROJECTS

Pak Shek Kok Residential Development Project

In May 2014, the Group successfully won the tender of a prime residential site with a site area of 208,820 sq. ft. and the total permissible gross floor area upon development is 730,870 sq. ft. in Pak Shek Kok, Tai Po, Hong Kong. Based on the land cost of HK$2,412 million for the site, this translated to a price of HK$3,300 per sq. ft. The site commands unobstructed sea view of the Tolo Harbour and has been earmarked for a luxury residential development with 700 to 800 residential units. Foundation works have commenced on the site from the third quarter of 2015, and superstructure works are expected to start in the mid of 2017. Total investment cost, including the payment of HK$2,412 million for the site, is expected to be approximately HK$7,000 million.

Dalian Mixed-use Development Project

The project is located on Renmin Road in the East Harbour area of Zhongshan District, the central business district of Dalian, Liaoning Province. It has a total gross floor area of approximately 286,000 square metres and comprises of 1,200 high-end apartments and a luxury hotel with approximately 360 rooms. The Group has a 50% equity interest in the project and acts as the project manager. The Group's share of net asset value in the project was HK$534 million as of the end of December 2015.

Development of the project will be carried out in two phases, phase I comprises of approximately 800 apartments and phase II comprises of the remaining apartments and a hotel. Phase I is currently under development and pre-sales had started since September 2013, with interior fitting-out works being carried out currently and handover of the pre-sold apartments targeted from the second quarter of 2016 onwards.

Given the slow property market in Dalian, a more aggressive pricing strategy was adopted in 2015 for units on lower floors or without ocean view. Sales velocity had since picked up and by the end of December 2015, over 200 of the 292 released units had been sold at approximately RMB18,000 per square metre, with total sales proceeds approaching RMB500 million.

Sales and profits on the presold apartments will not be booked in our income statement until handover of the units. Note that given the sluggish real estate market in Dalian and high construction costs caused by extreme adverse weather, this project will not likely generate much profit.

Tokyo Hotel Redevelopment Project

The Group had entered into agreements to acquire a hotel redevelopment site situated in Roppongi, Tokyo for JPY22.2 billion in July 2015. The closing of this acquisition was originally scheduled for late December 2015, but the sellers have subsequently requested for an extension. The Group had agreed to extend the closing date to June 2016. The sellers will be liable for certain penalty payments to the Group, if they fail to complete the transaction by June 2016. The site with a gross floor area of approximately 350,000 sq. ft. is located in close proximity to the landmark Roppongi Hills Midtown, and construction on the site is expected to start in 2017. Total investment cost, including the sum of JPY22.2 billion to be paid for the site, is expected to be approximately JPY48 billion. The expansion of our Langham Place brand to one of the world's most sought-after cities will significantly increase the value of our hotel brand.

San Francisco Hotel Development Project, 1125 Market Street

Acquisition of this site in San Francisco for US$19.8 million has been completed in May 2015. The land located at 1125 Market Street was the last remaining vacant lot in San Francisco's Central Market and is situated opposite to San Francisco's City Hall and the numerous cultural venues surrounding it. The Central Market area has transformed rapidly in recent years amid increasing presence interest from the global headquarters of technology companies such as Twitter, Uber and Square Dolby. The site has been earmarked for the development of an "Eaton" hotel with a gross floor area of approximately 125,000 sq. ft. We expect the hotel to have about 150 rooms when completed and construction of the project will start after development right of the hotel is approved by the city's planning department. Assuming development approval will be granted in 2016, opening of the hotel is expected to be in late 2018. Total investment cost, including the sum of US$19.8 million paid for the site, is expected to be approximately US$115 million.

San Francisco Hotel Redevelopment Projects, 555 Howard Street

555 Howard Street is a mixed-use development project located right across the new Transbay Transit Center, which is a US$4.5 billion transportation hub in the heart of San Francisco's emerging south of market business district. The Group has completed the acquisition of this untitled site with an estimated gross floor area of 410,000 sq. ft. for US$45.6 million in April 2015. The project is expected to comprise a 220-key luxury Langham Place hotel and approximately 210,000 sq. ft. of residential area for sale. Construction of the project will start once the development is approved by the city's planning department, which is expected to take approximately 30 months.

INCOME FROM CHAMPION REIT

The Group's core profit is based on attributable distribution income from Champion REIT in respect of the same financial period. On that basis, total income from Champion REIT in 2015 dropped by 1.9% year-on-year to HK$1,007.6 million. Whilst distribution per unit declared by Champion REIT declined by 2.6% in 2015 as compared with 2014, our attributable dividend income from Champion REIT only dropped by 0.3% as compared with 2014 as a result of our increased holdings in Champion REIT. However, management fee income, which included asset management income from Champion REIT, dropped by 5.6% year-on-year to HK292.9 million in 2015.

	Year ended 31 December		
	2015 HK$ million	2014 HK$ million	Change
Attributable Dividend income	**714.7**	717.2	-0.3%
Management fee income	**292.9**	310.2	- 5.6%
Total income from Champion REIT	**1,007.6**	1,027.4	- 1.9%

The following texts were extracted from the annual results announcement of Champion REIT for the year of 2015 relating to the performance of the REIT's properties.

Citibank Plaza
Several larger leases signed, occupancy of Citibank Plaza improved to 91.2% as at 31 December 2015. The latest achieved rent rates have surpassed HK$100 per sq. ft. as compared to the passing office rent as at 31 December 2015 of HK$75.39 per sq. ft. (based on lettable floor area). However, many of the new leases did not become effective till the latter part of the year and rental income for 2015 was down 9.2% to HK$966 million. Net Property Income for full year 2015 decreased by 12.0% to HK$821 million due to higher one-off expenses incurred to support the leasing up.

Langham Place Office Tower
Total Rental Income from Langham Place Office Tower went up by 8.8% to HK$306 million for 2015. Positive rental reversion was a key driver for the rental income growth. Supported by the location-sensitive tenants, the average passing rents recorded steady increase to HK$37.50 per sq. ft. (based on gross floor area) as at 31 December 2015, compared with HK$35.87 per sq. ft. as at 31 December 2014. The lower tenancy turnover of the office tower has saved rental commissions, which in turn saving the net property operating expenses by 20.1%. Net Property Income was HK$283 million for 2015, an increase of 12.0% as compared with HK$253 million for 2014.

Langham Place Mall
The mall is not fully immune to the slowdown in retail market and turnover rent has softened to HK$92.2 million, lower than HK$96.5 million in 2014. Since base rent is the core contributor of income of the mall, the softening in turnover rent has not reversed the upward trend in overall rental income. Total rental income of Langham Place Mall was HK$790 million for 2015, an increase of 7.6% as compared with HK$735 million for 2014. Net property operating expenses went down as fewer tenancy turnover has saved rental commission, and repairs and maintenance expenses of the mall, where the savings outweighed the increase in promotion expenses. Net Property Income increased by 10.5% to HK$680 million from HK$615 million in the previous year.

INVESTMENT IN LHI
On statutory accounting basis, our investment in LHI is classified as a subsidiary, and its results are consolidated into the Group's statutory income statement. However, as LHI is principally focused on distributions, the Group's core profit will be derived from the attributable distribution income after the impact of dividend waived, as we believe this will better reflect the financial return and economic interest attributable to our investment in LHI. This entry is also consistent with our practice in accounting for returns from our investment in Champion REIT, which also focuses on distributions.

In 2015, there was a decline in the hotels' revenue as overnight tourist arrivals to Hong Kong declined for the first time in 2015 since the last global financial crisis in 2009. This had resulted in a 9.9% year-on-year drop in distribution income from LHI. The distribution has already taken into account a lower number of share stapled units with distributions waived in 2015. In 2015, distribution entitlement in respect of our 100 million share stapled units held will be waived, which was down from 150 million share stapled units in 2014. The number of distribution waiver units will remain at 100 million share stapled units for the financial year 2016, and reduce to 50 million share stapled units for the financial year 2017, and all of our holdings will be entitled to receive distribution payable from 2018 onwards.

It was a gesture by the Group, as a major investor of LHI to waive part of its distributions so as to minimise dilution impact on initial yield to other investors. The dilution arose from additional units issued at the time of the initial public offering. The additional capital has been raised to fund asset enhancement initiatives on the initial portfolio, which should help support value of the properties of LHI going forward.

	Year ended 31 December		
	2015 HK$ million	2014 HK$ million	Change
Attributable Distribution Income	**275.7**	306.0	-9.9%

INVESTMENT PROPERTIES

	Year ended 31 December		
	2015 HK$ million	2014 (Restated) HK$ million	Change
Gross rental income			
Great Eagle Centre	**143.4**	140.5	2.1%
Eaton Serviced Apartments	**47.2**	49.2	-4.1%
United States Office Properties	**–**	184.7	n.a.
Others*	**45.8**	42.6	7.5%
	236.4	417.0	-43.3%
Net rental income			
Great Eagle Centre	**133.0**	128.8	3.3%
Eaton Serviced Apartments	**28.6**	31.7	-9.8%
United States Office Properties	**–**	93.3	n.a.
Others*	**12.9**	9.0	43.3%
	174.5	262.8	-33.6%

* Rental income of the 2700 Ygnacio property in the U.S. was included in "Others" in 2014 and 2015.

Great Eagle Centre

There was a pickup in office leasing activities at Great Eagle Centre that led to improved occupancy for the building in the second half of 2015, which rose to 98.2% as at the end of 2015 (end of December 2014: 98.9%), as compared with 97.5% as of June 2015. As spot rents at Great Eagle Centre were already at a high level and stood at only a small discount to office rents in Central, even when there is little vacancy in the building, it was difficult to command much higher rents on new leases. As a result, there was only a small growth in average passing rent for the leased office space at Great Eagle Centre, which was raised from HK$63.8 per sq. ft. as of December 2014 to HK$64.8 per sq. ft. as of December 2015.

Including rental income from the retail space, total gross rental income for Great Eagle Centre increased by 2.1% to HK$143.4 million in 2015, while net rental income increased by 3.3% to HK$133.0 million on lowered expenses incurred.

	As at the end of		
	December 2015	December 2014	Change
Office (on lettable area)			
Occupancy	**98.2%**	98.9%	-0.7ppt
Average passing rent	**HK$64.8**	HK$63.8	+1.6%
Retail (on lettable area)			
Occupancy	**99.4%**	93.5%	+5.9ppt
Average passing rent	**HK$98.2**	HK$100.0	-1.8%

Eaton Serviced Apartments

As improved rental income at the Blue Pool Road and Wanchai Gap Road properties was not enough to offset a decline in rental income at the Village Road property, the gross rental income from the three serviced apartments declined by 4.1% in 2015. The drop in rental income from the Village Road property was led by a decline in occupancy, as some of the rooms have undergone renovation from August to November 2015, whereas scaffolding works also negatively impacted occupancy during the other months of 2015. As for the Wanchai Gap Road property, the conversion of the remaining 27 rooms to operate as guesthouse rooms were completed and the guesthouse license was secured in September 2015. All 71 rooms at the Wanchai Gap property can now be sold on a daily basis, which should help to drive rental rate going forward.

Average passing rent for the three serviced apartments dropped by 0.6% to HK$48.2 per sq. ft. on gross floor area in 2015, as compared with HK$48.5 per sq. ft. in 2014. Gross rental income dropped by 4.1% to HK$47.2 million in 2015, but as more operating expenses have been incurred for the guesthouse operations at the Wanchai Gap Road property, net rental income dropped by 9.7% to HK$28.6 million in 2015.

	Year ended 31 December		
	2015	2014	Change
(on gross floor area)			
Occupancy	**75.8%**	78.0%	-2.2ppt
Average passing rent	**HK$48.2**	HK$48.5	-0.6%

U.S. Real Estate Fund (U.S. Fund)

As part of the Group's effort to expand our asset-light asset management, the Group has established a U.S. Fund in 2014, which targets office and residential property investments in the United States. The Group is the Fund's key asset manager with a 80% stake in the asset management company, and the remaining is held by China Orient Asset Management (International) Holding Limited ("COAMCI").

Great Eagle effectively injected three of its U.S. office properties to the Fund in 2014 which represent the Group's equity investment in the Fund, whereas COAMCI has committed approximately US$200 million to the Fund. As at the end of 2015, total net asset value of the Fund stood at US$420 million. Except for the properties injected by Great Eagle, the Fund had acquired a residential development project on 1545 Pine Street at US$21 million, an office building in Seattle's central business district at US$124.5 million, and a property in Malibu, Los Angeles at US$62 million. The Group's interest in the U.S. Fund was 49.6% as at the end of December 2015.

Given the Group has an equity stake in the U.S. Fund and acts as its asset manager, the financials of the U.S. Fund have been consolidated into the Group's financial statements under statutory accounting principles. Furthermore, asset manager fee earned by the Group has also been eliminated after Intra-Group eliminations. However, one of the reasons that the Group had decided to set up the U.S. Fund was to expand on our management fee income. In order to reflect the growth of such income stream, the Group will book its share of asset management fee income from the U.S. Fund under the Group's core profit.

As for the booking of return on our equity investment in the U.S. Fund, which is included in the Group's core profit, this will be based on the distribution received on our share of investment in the U.S. Fund, whereas our share of net asset in the U.S. Fund will be included in the Group's core balance sheet. Given the U.S. Fund is primarily focused on growth of its net asset and it also invests in development projects that does not generate recurring periodic income, we believe that the distribution, which is based on realised proceeds, fits most with our definition of core profit and appropriately reflects the return on our investment in the U.S. Fund.

Since the establishment of the Fund, apart from properties transferred by the Group, the Fund had acquired several projects and the followings are updates of their newly acquired projects.

The site located at 1545 Pine Street, San Francisco was acquired for US$21 million in January 2015. The land is situated in the trendy Polk Street neighbourhood, in proximity to the traditional luxury residential areas of Nob Hill and Pacific Heights. The development will have a gross floor area of approximately 135,000 sq. ft. comprising approximately 100 studio, and one- and two-bedroom residences. Total investment cost for the project, including the US$21 million paid for the site, is expected to be approximately US$83 million. Site preparation work has started with excavation slated for the first quarter of 2016. Marketing on the sale of this condo project will begin in due course with a launch of sales planned before the end of 2016.

The acquisition of the residential property in Malibu was completed in September 2015 for US$62 million. The strategy is to reposition its 68 rental apartment units into high-end for-sale condominiums. Malibu is a sought-after high-end coastal residential area in Los Angeles, where regulatory development constraints establish high barriers to entry and currently no similar competing properties are available for sale or under development. Repositioning, renovations and marketing is planned to commence in mid-2016 after all units have been taken into vacant possessions.

The office building in Seattle, for which the Fund had acquired, is known as the Dexter Horton Building, a historic building named after the founder of Seattle First Bank. It is a 15-story building with a rental floor area of 336,355 sq. ft. and is located at 710 Second Avenue in Seattle's central business district. The Fund acquired it for US$124.5 million in September 2015. As there is currently strong demand for office space from technology companies, this property provides a value-add opportunity. The plan is to improve the building and to solicit more technology tenants that pay higher rents.

In 2015, the Group booked HK$44.0 million (2014: HK$4.5 million) for our share of asset and property fee income from the U.S. Fund, which was included under "Other Operations" in the Group's operating income.

FINANCIAL REVIEW

DEBT

On statutory basis, after consolidating the results of Champion REIT, LHI and the U.S. Fund, the consolidated net debts of the Group as of 31 December 2015 was HK$20,457 million, an increase of HK$2,555 million compared to that as of 31 December 2014. The increase in reported net borrowings at the balance sheet date was mainly due to the payments for acquisition of properties in China and the U.S..

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 31 December 2015 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK$54,333 million, representing an increase of HK$2,563 million compared to the value of HK$51,770 million as of 31 December 2014. The increase was mainly attributable to the profit for the year, increase in share premium due to additional shares issued under employees share option scheme and other reserves and after set off by dividends paid out during the year.

For statutory accounts reporting purpose, on consolidation the Group is treated as to include entire debts of Champion REIT, LHI and the U.S. Fund. Based on such statutorily reported consolidated net debts ("Reported Debts") and equity attributable to shareholders, the gearing ratio of the Group as at 31 December 2015 was 37.7%. However, since only 62.7%, 60.7% and 49.6% of the net debts of Champion REIT, LHI and the U.S. Fund respectively are attributable to the Group, and debts of these three subsidiary groups had no recourse to the Group, we consider it is more meaningful to account for the net debts based on sharing of net assets of those subsidiaries instead of Reported Debts, and the resulting net position is illustrated below.

Net debt (cash) at 31 December 2015	Consolidated HK$ million	Sharing of Net Assets* HK$ million
Great Eagle	(1,521)	(1,521)
Champion REIT	13,895	–
LHI	6,496	–
U.S. Fund	1,587	–
Net debts (cash)	**20,457**	**(1,521)**
Equity Attributable to Shareholders of the Group	**54,333**	**62,818**
Gearing ratio as at 31 December 2015	**37.7%**	**n.a.**

* Net debts/(cash) based on the sharing of net assets of the subsidiary groups.

Because of the persistent low interest rate environment and in order to enhance return to shareholders, as a normal treasury function the Group has been prudently investing in quality short-term bonds which 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 2015, the market value of these bonds and notes amounted to HK$154 million and invested securities amounted to HK$630 million. Should these amounts be taken into account, the consolidated net borrowings and gearing ratio would be reduced to HK$19,673 million and 36.2% respectively. The net cash based on sharing of net assets of Champion, LHI and the U.S. Fund would be correspondingly increased to HK$2,305 million.

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

INDEBTEDNESS

Our gross debts (including medium term note) after consolidating Champion REIT, LHI and the U.S. Fund amounted to HK$27,288 million as of 31 December 2015. Foreign currency gross debts as of 31 December 2015 amounted to the equivalent of HK$8,895 million, of which the equivalent of HK$3,368 million or 38% was on fixed-rate basis.

FINANCE COST

The net consolidated finance cost incurred during the year was HK$519 million. Overall interest cover at the reporting date was 6.3 times.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 31 December 2015, our cash, bank deposits and undrawn loan facilities amounted to a total of HK$6,561 million. The majority of our loan facilities are secured by properties with sufficient value to loan coverage. The following is a profile of the maturity of our outstanding gross debts as of 31 December 2015:

Within 1 year	36.6%
1-2 years	17.3%
3-5 years	31.9%
Over 5 years	14.2%

PLEDGE OF ASSETS

At 31 December 2015, properties of the Group with a total carrying value of approximately HK$64,691 million (31 December 2014: HK$58,459 million) and HK dollars bank deposit of HK$621 million (31 December 2014: RMB equivalent bank deposit of HK$847 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2015, the Group has authorised capital expenditure for investment properties and property, plant and equipment which is not provided for in these consolidated financial statements amounting to HK$1,308 million (31 December 2014: HK$931 million) of which HK$292 million (31 December 2014: HK$181 million) was contracted for.

At 31 December 2015, the Group has outstanding financial commitment in respect of capital injection to a joint venture of RMB25.8 million (equivalent to HK$33 million) (31 December 2014: RMB25.8 million) and cash commitment to the China Orient Great Eagle (PRC) Real Estate Investment Opportunity Fund L. P. of US$46 million (equivalent to HK$357 million) (31 December 2014: US$90 million).

At 31 December 2015, the Group has outstanding commitments for the acquisition of underground and carpark portion of a hotel development project located at Minhang District, Shanghai, the PRC of RMB193 million (equivalent to HK$230 million) (31 December 2014: RMB868 million).

In July 2015, the Group entered into two purchase and sale agreements for the acquisition of properties in Tokyo, Japan at a total consideration of JPY22.2 billion (equivalent to HK$1,430 million as at 31 December 2015). Deposits of JPY2.2 billion (equivalent to HK$143 million) was paid in August 2015. Completion date of the agreements has been extended to 30 June, 2016 subject to satisfaction of the conditions precedent as set out in the agreements.

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

OUTLOOK

The market turmoil of 2015 extended into 2016 and financial markets around the world had endured one of their worst years to start with. These volatile movements reflected the heightened risks in further slowdown of the global economy, as there are signs of a slowdown of global trade, which were reflected in the sluggishness of commodities prices and devaluation of the currencies for those export dependent countries.

At least these setbacks have prompted policymakers around the world to embrace further easing. Japan took the lead in response and adopted negative interest-rate policy to spur investment growth and more importantly, the increased volatility in the financial markets might convince the U.S. Federal Reserve Board to take a more gradual approach in raising interest rates. We have to stay exceptionally vigilant on the impact of the slowdown of the global economy and be ready to respond and mitigate the negative impact of the slowdown in our businesses. For the time being, some of our major profit contributing businesses such as income from Champion REIT seem largely stable.

For Champion REIT, it has successfully stabilised the occupancy of Citibank Plaza for the coming several years. Top-line property income should start rising in 2016 and barring unforeseen circumstances, a resumption of growth in the REIT's distributable income is expected in 2016. For Great Eagle Centre, it will enjoy near full occupancy in 2016.

As for the performance of the three Hong Kong hotels owned by LHI, RevPAR in 2016 will continued to be impacted by a strong Hong Kong dollar and other political factors, which could affect corporate travel spending and leisure tourists' enthusiasm to travel.

In terms of the outlook for the overseas hotels, the hotel in Washington D.C. will still be closed for renovation, and performance of the Langham Place Fifth Avenue hotel in New York may be impacted by renovation to the hotel rooms. Other hotels in Chicago, Pasadena and Boston should have slight improvement in performance. Further recovery in RevPAR is also expected for the hotel in Toronto after the completion of the renovation last year. Meanwhile, renovation of a third of the rooms may affect the performance of The Langham, London in 2016.

The Langham, Sydney is expected to turnaround in 2016 after operations ramp up, which shall support performance of the Australasia hotel portfolio. In China, The Langham, Xintiandi, Shanghai should benefit from continued positive travel sentiment, given more demand after the expected opening of a major theme park in Shanghai in mid-2016.

Until there are stabilisation in at least some of the key factors, such as collapsing oil price and a clearer economic picture can emerge from China, the world's financial markets will be volatile and unstable in the first half of 2016.

Lo Ka Shui
Chairman and Managing Director

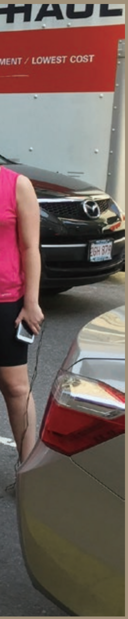
Hong Kong, 1 March 2016

CORPORATE SOCIAL RESPONSIBILITY

Great Eagle Playright Family Play Project

JP Morgan Corporate Challenge

Music Children@Shum Shui Po Project



Great Eagle x WGO – Less Waste Let's Do It Project

Our CSR Vision – *Create Value, Improve Quality of Life*, is based on our belief that CSR will:

- create long-term value for our customers, partners, investors, employees and community;
- improve the quality of life in our workplace as well as the local community and the world at large.

This year report focuses on the Group's environmental and social performance of our major businesses which include development, investment and management of hotels and properties. It continues to make reference to the Environmental, Social and Governance Reporting ("ESG") Guide which is issued by HKEX. The report is structured according to the four ESG subject areas:

- Workplace Quality
- Environmental Protection
- Operating Practices
- Community Involvement

In addition to these four ESG subject areas, we have documented on how we make and implement decision in pursuit of our CSR objectives in section "CSR Management". Selected key performance indicators are also supplemented to illustrate our CSR performance.

Our continuous efforts in CSR are reflected in being selected as a constituent member of Hang Seng Corporate Sustainability Benchmark Index in five consecutive years. Once again, the ESG performance rating company for the selection, Hong Kong Quality Assurance Agency, has granted us "AA" rating. Only twenty listed companies in Hong Kong achieved this rating in 2015. Our subsidiaries also received numerous prestigious CSR related awards and recognitions as listed in the following sections of this report.

Our Hotel Division, Langham Hospitality Group, continues to issue their sustainability report, "Collaboration", which reviews their current systems and performance, and sets out their environmental and social objectives for the coming years.

CSR MANAGEMENT

Supporting our CSR Vision is a strong CSR Management framework which encompasses the following elements:

- The CSR Steering Committee: the Committee is responsible for enabling our Group to take responsibility for CSR impacts of our decisions and activities, and for integrating CSR throughout the organisation. The Committee comprises members from the Board and management from key areas of the Group, serving as a senior level working group for determining the Group's CSR direction;
- The Group CSR Policy: the Policy provides a robust framework and direction to implement CSR and embed CSR into our organisational culture;
- Risk Assessment & Strategy: the Committee regularly conducts risk assessment in order to determine the material CSR issues with the top priority, which require managing actions. A CSR strategy is developed to enable the Group to focus our efforts on these issues.

We recognise that engaging our stakeholders is vital for understanding the impact of our operations on different groups, as well as material issues that may impact us or them. Therefore, we periodically conduct stakeholder engagement with our key stakeholders such as employees, tenants, suppliers, investors and media. The results of the engagement are taken into consideration when we prioritise our material issues and review our existing CSR strategy at the CSR Steering Committee Meeting.

CORPORATE SOCIAL RESPONSIBILITY

Based on the latest results of the stakeholder engagement and risk assessment, we have identified "Community Involvement" and "Communication" as our two CSR material issues and a CSR strategy has been formulated to manage them.

In Community Involvement:

- we partner with non-profit organisations to launch impactful projects according to our three major sponsorship themes (please refer to section "Community Involvement");
- we encourage our colleagues to actively participate in the projects by attending the project events or joining related volunteering.

In Communication:

- internally, we communicate our CSR efforts to colleagues through intranet, monthly CSR tips and orientation;
- externally, we communicate our CSR efforts to tenants, customers, investors and media through CSR Report, community projects and newsletters.

In addition to establishing our CSR Management framework, we believe a CSR culture in our Group is a crucial factor to achieve our CSR vision. To this end:

- we convey CSR in a friendly and funny way by branding our CSR efforts as "CSR Action", which consists of seven "Great Actions" icons to represent our CSR commitments in human rights, labour practices, the environment and so forth;
- a CSR awareness workshop has been developed based on the "Great Actions". The workshop educates colleagues about CSR through interesting lecture and interactive games;
- our Hotel Division has established a CSR programme called "CONNECT", which implies that all colleagues recognise the connection between their initiatives and the environment and society, and they collectively act responsibly every day and contribute to the sustainable development of the neighbourhoods where they operate;
- The four priorities of "CONNECT" are: Governance, Environment, Community and Colleagues, which form the framework to address the most relevant corporate responsibility issues to the hotel business.

"CSR Action" & "CONNECT" Icons

WORKPLACE QUALITY

We are dedicated to adhering to all anti-discrimination laws and encouraging a diverse workforce. Our Equal Opportunity Policy ensures that no job applicant or employee receives less favourable treatment or is disadvantaged by sex, pregnancy, disability, marital status or family status when applying for a position with the Group or during employment.

In 2015, we continued supporting employment of persons with disabilities by participating in Labour and Welfare Bureau's Talent-Wise Employment Charter & Inclusive Organisations Recognition Scheme. One of our practices is the partnership of our Hotel Division with Hong Chi Association whose trainees work in their back of house areas and support day-to-day operations (e.g. housekeeping, cleaning and laundry services). The teamwork between the trainees and the colleagues has successfully built a culture of respecting people differences in the workplace.

Total Workforce by Age Group & Gender

Business	Under 20 years old	20 & under 30 years old	30 & under 40 years old	40 & under 50 years old	50 & over years old	Male	Female
Hotel	1%	31%	27%	20%	21%	51%	49%
Property & Others[1]	0%	18%	27%	24%	31%	61%	39%

Total Workforce by Geographical Region

Business	Hong Kong	China	Europe	North America	Oceania
Hotel	28%	10%	7%	36%	19%
Property & Others[1]	88%	12%	0%	0%	0%

Total Workforce by Employment Type & Employment Contract

Business	Full-time	Part-time	Permanent	Contract
Hotel	87%	13%	98%	2%
Property & Others[1]	99%	1%	86%	14%

Note:

1. Property & Others include businesses such as property development, property management and trading in Hong Kong and China

CORPORATE SOCIAL RESPONSIBILITY

In addition to creating a fair workspace, we view health and safety beyond a moral and legal responsibility. We are committed to ensuring that risks to employees' health and safety at work are properly controlled. To meet this end, our Hotel Division:

- has established their Occupational Health and Safety Policy which stipulates that all hotels must maintain their health and safety systems with policies, committees, training, emergency preparedness and incident reporting;
- implements and monitors the systems by the senior management, human resources directors and security departments of the hotels;
- reviews the effectiveness of the system in the hotels through Key Performance Indicators (KPI) systems by looking at the injury rates and numbers of lost days;
- sets up improvement teams to analyse the data, find the root cause, implement improvement action plan and follow up the results;
- organises Workplace Health and Safety Week every year, as part of the global awareness programme. Health promotion programmes such as fun run, medical screening, healthy diet at colleague cafeteria and so forth are held in order to enhance colleagues' awareness on maintaining a safe and healthy workplace environment.

Our Property Management Division is also committed to providing a safe and healthy workplace for our colleagues, tenants and shoppers. The Division has established a health and safety management system and obtained OHSAS 18001 Occupational Health and Safety Management System certification. Through the management system, the Division:

- identifies health and safety hazards which are in turn managed by operating procedures and safety devices (e.g. installing non-slip nosing to staircase so as to strengthen safety passage of shopping mall);
- establishes Safety Committees which aim to implement action plans and review effectiveness of the management system with a view to achieving zero accident;
- uses checklists to monitor high risk activities such as working in confined space, installing electrical systems and manual handling;
- provides ongoing training courses such as in-house training and tool-box talk to frontline staff.

Fire Drill

Workplace Health & Safety Week

Non-slip Nosing to Staircase

First60 Certification Programme

Work Related Fatalities & Lost Working Days due to Injuries

Business	Total workforce hours (in thousands)	Number of fatalities	Lost working days due to injuries
Hotel	10,662	0	4,615
Property & Others[1]	1,995	0	595

Note:

1. Property & Others include businesses such as property development, property management and trading in Hong Kong and China

Provision of opportunities for training and development has become an important component to attract and retain staff. Besides offering a competitive compensation and benefits package, we provide corporate and vocational trainings to staff of all levels such as "The 7 Habits of Highly Effective People" and "Business Innovation" training.

Our Hotel Division also ensures the colleagues have the right skill sets and knowledge needed to grow the business. To this end:

- the Division offers a structural learning syllabus, namely Langham Curriculum Certification (LCC), for different levels of colleagues. The LCC syllabus, specially designed for hospitality industry, blended with management concepts and trade best practices enabling colleagues to enhance their knowledge and skills while pursuing their career at different stages;

- in 2015, the Division deployed the First60 Certification programme, a mandatory programme for all colleagues. The programme architectures a structural pathway for all colleagues to understand company culture, the hotel mission, hotel's unique features and facilities, customer services series and the brand & operations standard. This programme enables all our colleagues are well trained to deliver our brand promise to the guests;

- Global Sales Training Series has been launched for all room and catering sales colleagues in hotels and global sales offices. The programme aspires a customer-centric approach, to ensure the sales team possesses the necessary skills and knowledge to achieve the business result and at the same time build long-term relationship with our customers.

Performance Review assists our colleagues to keep track of their performance and determine development needs. Our Performance Appraisal System provides a mechanism for colleagues to review together with their superior about their performance, establish key objectives as well as determine their training and development needs.

Percentage of Employees Receiving Regular Performance and Career Development Reviews

Business	Employee receiving performance reviews
Hotel[1]	98%
Property & Others[2, 3]	100%

Notes:

1. Hong Kong and China employees who are eligible to receive performance review during the reporting year

2. Property & Others include businesses such as property development, property management and trading in Hong Kong and China

3. Employees joined from 1 August to 31 December are not subject to review for the year as per policy

We recognise that productive employees are those who maintain a healthy work-life balance. To promote the importance of this, in the past year, we organised various interest classes and recreational events, such as Cake Baking Class, Great Eagle Choir, Christmas Party and Group Badminton Competition. We also encouraged our colleagues to eat more fruits by launching "Happy Fruit Day". Seasonal fruits are handed out to our colleagues bi-weekly throughout the year.

In recognition of our efforts in people strategies and practices, and occupational health and safety, our Hotel Division and Property Management Division were granted the following prestigious awards in the past year:

- The Langham, Xintiandi, Shanghai:
    - o 2015 Best Talent Attraction Award by Human Resources Excellence Centre
- The Langham, Sydney:
    - o The General Manager was awarded Australian General Manager of the Year at the 2015 HM Awards for Hotel and Accommodation Excellence organised by Hotel Management Magazine
- The Langham, Melbourne:
    - o Concierge of The Year at the HM Awards for Hotel and Accommodation Excellence by Hotel Management Magazine
    - o The Assistant Financial Controller was awarded Administration Employee of the Year at the 2015 Tourism Accommodation Australia Awards for Excellence
    - o The Restaurant and Outlet Manager was awarded Food and Beverage Employee of the Year at the 2015 Tourism Accommodation Australia Awards

Cake Baking Class

Great Eagle Choir

CORPORATE SOCIAL RESPONSIBILITY

- The Langham, Hong Kong:
  - o Silver Award at the "Excellence in HR Strategic Plan" of HR Innovation Award 2015 by Human Resources Magazine
- Langham Place Office Tower:
  - o Silver Award for 2015 Theme Award – Occupational Safety and Health by The Hong Kong Institute of Facility Management

HM Award – Australian General Manager of the Year

Human Resources Excellence Centre Award

The Hong Kong Institute of Facility Management Award

ENVIRONMENTAL PROTECTION

Minimising the significant impacts of our operations on the environment is a key component of our Group CSR Policy. To concert the Group's efforts in managing the impacts, we have established the Green Champion Working Group. The working group is formed by nominated Green Champions from business units/departments to share and learn green practices from each other and in turn spread the best green practices in the Group. In 2015, several green awareness campaigns were launched by the working group:

- Lunar New Year Gift Donation: to share the joy with the underprivileged, we collected Lunar New Year gifts from colleagues. The collected gifts were in turn donated to St. James Settlement for their transfer to people in need;
- Exchange Corner: in support of our sponsored project to World Green Organisation's "Great Eagle x WGO – Less Waste, Let's Do It Project" (please refer to section "Community Involvement"), we hold the Exchange Corner at our offices. The campaign aimed to promote the concept of "reuse" by asking our colleagues to donate items they no longer need and exchange them with other colleagues;

Exchange Corner

- Green Monday Luncheons: encouraged colleagues to go meatless on Mondays. Green Monday luncheons were organised at our various office locations during the year;
- Mooncake Collection: we supported The Salvation Army's Mid-autumn Festival Appeal by collecting mooncakes from colleagues.

Our Hotel Division endeavours to be one of the role models amongst hospitality operators for environmental impact, awareness and reduction. As such, in 2015, the Division:

- continued its partnership with the EC3 Global EarthCheck Programme which offers a credible independent auditing and monitoring service on environmental benchmarking and sustainability certification;
- attained Gold Certified status in the programme for eight hotels (a substantial increase from three hotels in 2014), one hotel received Silver Certified status, one hotel received Bronze Benchmarked status and two hotels joined the programme.

The Division also launched a global environmental event named as "Loving Earth Month" which included:

- holding the "lights out" campaign at our hotels in support of Earth Hour;
- offering meatless dishes at restaurants and colleague cafeterias on Monday to promote healthy green diet;
- launching "10,000 Steps Challenge Campaign" which encourages colleagues to walk more and use less transportation;

CORPORATE SOCIAL RESPONSIBILITY

10,000 Steps Challenge Campaign

Upcycled Wine Cork Board

- turning the gift shop of Cordis, Hong Kong into a pop-up store selling upcycled products made by members of St. James' Settlement's Sheltered Workshop. Items included creative handmade wine cork boards, magnets and pens. Part of the wine corks were collected from the hotel;
- also organising complimentary upcycling demonstration sessions given by St James to promote the concept of upcycling to our guests and general public. Profits generated from the pop-up store would help fund the members' training allowance.

Environmentally Conscious Staff Uniforms

Other than the "Loving Earth Month", The Langham, Hong Kong partnered with Victor Chu, a young talented sustainable fashion designer and winner of The EcoChic Design Award 2014/15 second prize, to create textile waste-reducing staff uniforms for T'ang Court. The uniform was designed with minimal waste generated and using durable materials to maximum capacity. For example:

- to reduce the use of additional materials, female jackets were designed without lapels or pocket flaps and select male shirts have shorter stand-up collars as opposed to a traditional turnover style;
- cut-offs from garment production were incorporated into the uniforms collars and pockets to ensure minimal fabric wastage.

Our Property Management Division is committed to minimising the significant environmental impacts of the operation and improving their performance. As such, the Division implements ISO 14001 Environmental Management System Standard at the properties they manage. Through environmental impact assessment, energy consumption, carbon emission and water consumption have been identified as the significant environmental impacts.

CORPORATE SOCIAL RESPONSIBILITY

In order to reduce the energy consumption and carbon emission of the properties, the Division has:

- retrofitted fluorescent luminaries to LED luminaries at Digital Sky of Langham Place Shopping Mall (LED could also maintain a longer life time of the lighting system);
- retrofitted fluorescent luminaries to LED luminaries fitted with motion sensor at staircases, corridors and lavatories of the Shopping Mall;
- installed Variable Speed Drive (VSD) for chilled water pumps;
- participated in Earth Hour as well as encouraged occupiers to join this meaningful event.

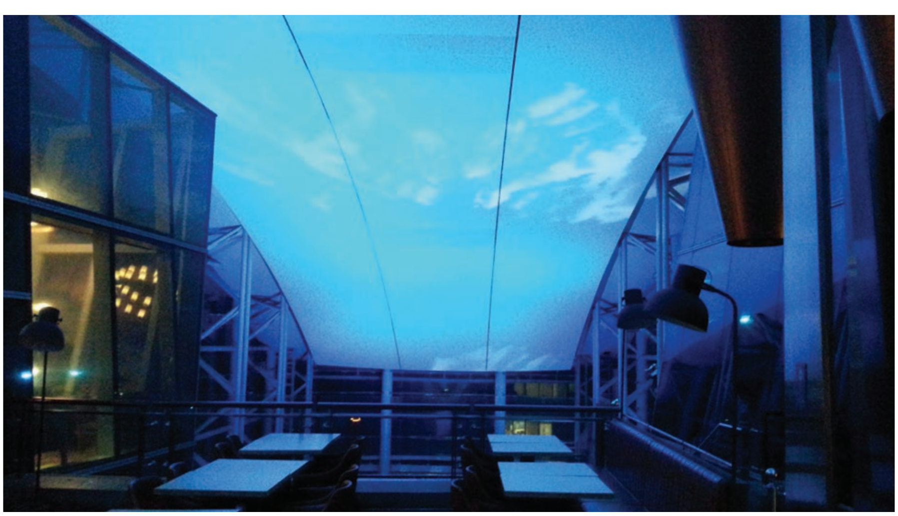
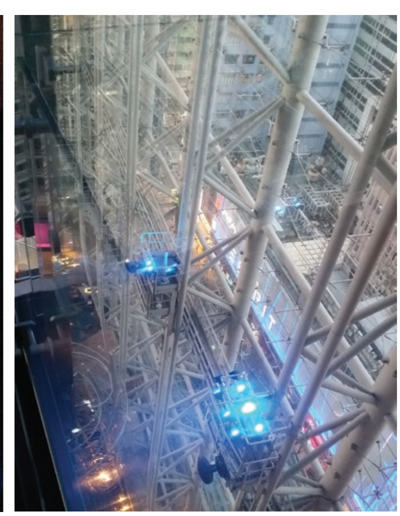
To reduce water consumption, the Division has:

- installed automatic low flow water faucet for wash basin;
- drawn underground water for irrigation;
- arranged prompt remedial action on water leakage.

In addition to managing the significant environmental impacts, to demonstrate the Division's commitment to green purchase, Green Purchasing Policy – Langham Place was formulated in 2015. The policy was distributed to the colleagues, tenants, contractors and suppliers in order to influence them to make green purchasing decisions.

To protect the environment, Property Management Division understands it cannot be done solely by themselves and must seek partnership with the tenants. As such, the Division has:

- introduced a few recycling initiatives to collect paper, glass, used computers and so forth from the tenants;
- recognised their efforts by presenting souvenirs to the outstanding participants at Green Christmas Celebration;
- organised green workshops such as Eco-detergent Making Workshop, Upcycling Bottle Planting Workshop and Green Monday Talk for the tenants.

Retrofitting LED at Digital Sky

CORPORATE SOCIAL RESPONSIBILITY

Upcycling Bottle Planting Workshop

Energy Consumption (GJ)

Business	Direct energy consumption	Indirect energy consumption
Hotel[1]	263,896	467,701
Property & Others[2]	181	197,512

Carbon Emissions (tonnes CO_2-eq)

Business	Direct carbon emission	Indirect carbon emission
Hotel[1]	15,124	58,842
Property & Others[2]	301	44,748

Water Consumption (m^3)

Business	
Hotel[1]	1,430,907
Property & Others[2]	338,843

Notes:

1. Hotel includes owned hotels only

2. Property & Others includes communal area of three owned and/or managed major properties: Citibank Plaza, Great Eagle Centre and Langham Place (Office Tower & Shopping Mall) only

Our Property Development & Project Management Division is committed to pursuing environmental initiatives during the development and project management process. Starting from planning, design, construction, to subsequent collaboration with Hotel Division and Property Management Division, the environmental impacts in the life cycle of new development and renovation projects are evaluated. The Division also targets to adopt building rating schemes for their projects:

- in 2015, The Langham, Chicago achieved LEED for Commercial Interiors Silver Certification awarded by U.S. Green Building Council;
- the new luxurious residential development in Pak Shek Kok, Tai Po, Hong Kong, will submit for BEAM Plus certification (Gold and above), and will be designed to comply with the Sustainable Building Design Guidelines;
- three new developments in San Francisco are planned to be submitted for LEED Accreditation – Howard Condominium/Hotel (Platinum), Pine Street Condominium (Silver) and Market Street Hotel (Gold at a minimum);
- The Eaton Hotel in Washington D.C. which will be totally renovated with its new branding, targets to achieve LEED Accreditation (Gold at a minimum).

CORPORATE SOCIAL RESPONSIBILITY

In our corporate office, our Administration Division continues to implement green practices according to the slogan "ER³" (Environmental Protection, Recycle, Reduce and Reuse). The following green practices have been implemented:

- Electricity Saving: sets timer control to turn off copiers, escalators and lightings at common area;
- Paper Reduction: encourages colleagues to print when necessary and use single-sided paper to print;
- Old Furniture Reuse: donates old furniture to charities such as Hong Chi Association;
- Wood & Tree Conservation Scheme: participates in this Hong Kong Environmental Production Association's scheme by recycling Peach Blossom and CNY plants;
- Greening the Office: each colleague has been given a small pot of purification plant for removing indoor pollutants in the office.

In recognition of our efforts in environmental protection, our Hotel Division and Property Management Division were honoured by the following awards:

- The Langham, Auckland:
  - o Hotel Industry Environmental Initiative Award by New Zealand Hotel Industry
- The Langham, Xintiandi, Shanghai:
  - o China Green Hotel Gold Leaf Certificate by China Tourist Hotel Star-rating Committee in Shanghai, China
- Eaton Hotel, Hong Kong:
  - o Highly Commended in the Green Hotelier Awards 2015 in Asia Pacific by International Tourism Partnership


New Zealand Hotel Industry Award

China Tourist Hotel Star-rating Committee Award


Hong Kong Green Council Award

- Hong Kong Green Council's 2015 Green Management Award (Large Corporation) – Service Provider:
  - Langham Place: Gold
  - Great Eagle Centre: Silver
- Great Eagle Centre:
  - Friends of the Earth – Certificate of Appreciation in Power Smart Energy Saving Contest 2015

The awards demonstrate our environment consciousness and excellent operational environmental management.

To combat climate change and save energy, our Property Management Division continued to support the "Energy Saving Charter" scheme, which requires properties to maintain indoor temperature in between 24-26 degree during June and September 2015. Besides signing the pledge, the Division also promulgated the message to both retail and office tenants and assisted them to implement this green initiative.

Energy Saving Charter Scheme

OPERATING PRACTICES

The Group is committed to adhering to the highest ethical standards, both in employee and supplier level. To this end:

- all employees are given a Code of Conduct to which they are required to adhere to. The Code explicitly prohibits employees from soliciting, accepting, or offering bribes or any other form of advantage. The Code also outlines the Group's expectations on colleagues with regard to conflicts of interest as well as the whistle-blowing procedure;
- the Group recognises that through leadership and monitoring along the supply chain, we can promote adoption and support of fair operating practices. To guide this CSR aspect in our supply chain more systematically and demonstrate how such aspect accords with our Group CSR Policy, the Supplier Code of Conduct has been formulated and communicated through our tendering documents;
- to ensure further suppliers' commitment to adopt CSR, the Group decided to enhance the process by using a checklist in 2015. The checklist is transformed from the requirements as stated in the Supplier Code of Conduct to a Q&A format and it is sent to the suppliers along with tendering documents. The suppliers are required to fill the checklist and return to us every three years so as to keep us informed about their CSR performance status.

We are committed to offering superior quality products and services to our customers by satisfying their expectations and needs – whether they are guests at our hotels or tenants or shoppers at properties under our management.

The key success factor for the Hotel Division is to continuously improve in delivering excellent service and increase guest loyalty. To meet this end:

- a robust quality management system "Quality League" has been set up in the hotels to drive every colleague towards the same goal from a systematic perspective on continuous improvement;
- multiple channels are utilised to learn from guest feedbacks such that services and products are tailored to enhance guest experience and eventually raise the guest loyalty;
- a robust Voice of the Customers (VOC) system has been established to collect feedback from specific customer segments and channels (for example, direct contact points such as focus group, online surveys, social media and feedback cards);
- a third-party professional quality audit companies are employed to conduct Mystery Shopper Programmes at all hotels. The mystery assessment results provide valuable information that helps the hotels to increase guest loyalty.

Superior Services

To evaluate the result of our guest loyalty, in 2015, the Division introduced the Net Promoter Score (NPS) and Defect Free Index (DFI) which are collected through the Online Guest Satisfaction Survey:

- NPS is a leading metric widely adopted by companies, aiming to increase the number of "promoters", i.e. those guests that love us, to continue supporting our hotels and recommend to others;
- DFI is a key performance indicator to evaluate our effectiveness in promoting a culture of zero defects, defect prevention and recovery. Every colleague understands what guests' expectations are and strives to meet guests' expectations.

Our Property Management Division continued to implement ISO 9001 Quality Management System which ensures that they meet the needs of customers and enhance customer satisfaction. To this end, the Division:

- has established "Customer Feedback System" to collect appreciations, complaints and general enquiries from the customers;
- regularly sends questionnaires to tenants to obtain their feedback;
- timely replies feedback to the customers and determines improvement actions.

Other than implementing the quality management system, the Division has put in place other measures at Langham Place to further enhance the customer services including:

- established "Care the People in Need System" which provides attentive service to our customers in need. For example, caring name cards with Braille hotline number are provided to the shoppers for our instant support. Special trainings for all colleagues on how to take care of elderly, children, disabled and pregnant women are also conducted;

CORPORATE SOCIAL RESPONSIBILITY

Caring Name Card

- completed installation of "Parking Guidance System" which enables drivers to easily find the most convenient vacant parking space through the intelligent guidance display;

- established "Lost and Found System" which provides related trainings for all colleagues on how to handle shoppers' lost and found items efficiently. In 2015, 80 compliments were received from shoppers who praised the integrity, professional and efficient handling of lost and found items by our colleagues.

In recognition of our efforts in providing superior quality services, our Hotel Division and Property Management Division received the following outstanding awards:

- Michelin Guide (Hong Kong and Macau):
  - o Michelin Three-stars: T'ang Court at The Langham, Hong Kong
  - o Michelin Two-stars: Ming Court at Cordis, Hong Kong
- The Langham, London:
  - o Gold List 2015: The World's Best Hotels by Conde Nast Traveler
  - o The World's Best Bars 2015 – Artesian by Drinks International
  - o The Executive Pastry Chef was awarded The Global Chef Award 2015 by At-Sunrice
- The Langham, Chicago:
  - o Top 100 Hotels 2015 by Robb Report
  - o No. 4 in Top 15 hotels in Chicago at Readers' Choice Awards 2015 by Conde Nast Traveler
  - o No. 6 Hotel in the United States by U.S. News & World Report
  - o The Best Hotel in the United States at Travelers' Choice Awards by TripAdvisor

Michelin Three-stars – T'ang Court

CORPORATE SOCIAL RESPONSIBILITY

- The Langham, Sydney:
  - o Top 100 Hotels 2015 by Robb Report
  - o No. 6 in Top 15 Hotels in Australia & New Zealand at Readers' Choice Awards 2015 by Conde Nast Traveler
- The Langham, Hong Kong:
  - o Five-Star Hotel Award 2015 by Forbes Travel Guide
- Langham Place:
  - o Hong Kong Star Brands Award 2015 (Enterprise) by Hong Kong Small and Medium Enterprises Association
  - o Excellence in Facility Management Award 2015 (Office Building) – Langham Place Office Tower by The Hong Kong Institute of Facility Management

Travelers' Choice Award – The Langham, Chicago

The Hong Kong Institute of Facility Management Award

CORPORATE SOCIAL RESPONSIBILITY

COMMUNITY INVOLVEMENT

Our community involvement strategy focuses on three thematic areas – ***Art, Children Education, and Environmental Protection***:

- we believe art is important to Hong Kong as a world class city. Art could enrich the daily lives of the people and promote social progress and cultural development;
- we believe that Hong Kong's future relies heavily on the next generation. Children in preschool education and kindergarten, in particular, are in their prime period to learn and acquire knowledge;
- environmental protection is a subject which is essential to our organisational culture and it should be extended to the community at large.

Based on the themes, we partner with non-profit organisations to design a few deserving projects in these areas. We believe by focusing all of our philanthropic resources – financial, volunteer, and in-kind – on these projects, we can engender greater social impact. The following projects were sponsored by us in 2015:

- Art: to bring classical music closer to the community, we sponsored Hong Kong Sinfonietta's "Great Eagle Family Series – McDull Me & My Mom Concert". The concert paired the city's top musical talent with one of its most popular cartoon characters: McDull.

In addition to sponsoring the McDull concert, we also supported a newly established musical NGO, Music Children Foundation. We co-sponsored (with Lo Ying Shek Chi Wan Foundation) their Music Children@Shum Shui Po Project which aimed to transform grassroots children in Shum Shui Po by helping them to develop their personal abilities and a sense of community. Ensemble-based instrumental classes, orchestra, choir and public performance were organised throughout the year for the children to participate.

- Children Education: our partnership project with Playright Children's Play Association, "Cheers for Play", had been held from 2012 to 2014. The project attracted over 40,000 parents and children to participate in "free play". Based on the feedback from parents about the project, the parents would like to learn more about parent-child play. For this reason, in 2015, we designed "Great Eagle Playright Family Play Project" which provided a platform for parents to learn more about play and recruited devoted parents to become advocacy partners. The project encompassed a series of activities including seminar, training, play website, play book and play day, which successfully led changes in parent's core value on the importance of play in family relationship and happy childhood.

Great Eagle Family Series – McDull Me & My Mom Concert

Music Children@Shum Shui Po Project

CORPORATE SOCIAL RESPONSIBILITY

Great Eagle Playright Family Play Project


Family Play Day

- Environmental Protection: as waste issue is more pressing than ever, we decided to partner with World Green Organisation to launch "Great Eagle x WGO – Less Waste Let's Do It Project". The project worked out a unique model that Youth Green 3R Ambassadors (reducing waste, reusing items and recycling properly) were trained with environmental and waste knowledge. After attending the intensive training, they took the lead to organise various "fun" community green programmes which intended to spread 3R message to the community and reinforce the actions of 3R in our daily life. Community green programmes included "Exchange Corner", "Share A Bag", "Upcycling Workshop" and "Green Carnival" successfully engaged the general public in waste reduction. Our Marketing and Property Management also offered in-kind support to the campaign by placing "Share A Bag" collection boxes at the lobbies of our properties for tenants to donate or collect recycled bags.

Our community involvement strategy also includes staff volunteering. We encourage our colleagues to explore the community and help people in need by joining volunteering services. Many volunteering activities were organised in 2015, for example, our volunteers assisted in setting up and being ambassadors at Family Play Day and Green Carnival; our overseas colleagues beautified parks by joining New York Cares Day and raised money for people in need by joining JP Morgan Corporate Challenge in Boston.

Great Eagle x WGO – Less Waste Let's Do It Project


New York Cares Day

CORPORATE SOCIAL RESPONSIBILITY

Other than designing a few deserving projects with non-profit organisations, we strive to contribute to the development of art and local talents in Hong Kong. As such, our Marketing Division has introduced Musica del Cuore (an Italian term for "Music of the Heart") at Citibank Plaza. Musica del Cuore is a free weekly concert series which transforms the ground floor lobby of Citibank Plaza into a "community concert stage", presenting some of the finest Classical repertories to the general public. The concert series has provided a platform for local talents, well-established artists and chamber groups to showcase their artistry while visiting guests from other parts of the world inspire music lovers through cultural exchange.

Musica del Cuore

In addition to organising Musica del Cuore, we are also the patrons of the following major art events:

- Hong Kong Arts Festival Patron Club: Gold Member

- Friends of Le French May Arts Festival: Patron Bronze

To promote best practices in environmental excellence and exchange knowledge amongst the top CSR leaders, we are the members of:

- Business Environment Council: Council Member

- Hong Kong Green Building Council: Bronze Patron Member

- World Wild Fund for Nature Hong Kong: Silver Member

Our community involvement efforts have enabled the Group and several subsidiaries to continue to be awarded the "10 Years Plus Caring Company", "5 Years Plus Caring Company" and "Caring Company" logos' accreditation by the Hong Kong Council of Social Service.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Dr. LO Ka Shui

Chairman and Managing Director

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

Mr. LO Kai Shui

Executive Director and Deputy Managing Director

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

Madam LO TO Lee Kwan

Non-executive Director

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

Mr. CHENG Hoi Chuen, Vincent

Independent Non-executive Director

Mr. CHENG Hoi Chuen, Vincent, aged 67, is an Independent Non-executive Director of the Company. He has been a Director of the Group since 1994 and is the Chairman of the Audit Committee and a member of both the Remuneration Committee and the Nomination Committee of the Company. Mr. Cheng is an Independent Non-executive Director of China Minsheng Banking Corp., Ltd., MTR Corporation

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

Professor WONG Yue Chim, Richard

Independent Non-executive Director

Professor WONG Yue Chim, Richard, aged 63, is an Independent Non-executive Director of the Company. He has been a Director of the Group since 1995 and is the Chairman of the Nomination Committee and a member of both the Audit Committee and the Remuneration Committee of the Company. Professor Wong is Chair of Economics at The University of Hong Kong. He is a leading figure in advancing economic research on policy issues in Hong Kong through his work as Founding Director of the Hong Kong Centre for Economic Research and the Hong Kong Institute of Economics and Business Strategy. He was awarded the Silver Bauhinia Star in 1999 in recognition of his contributions in education, housing, industry and technology development and was appointed a Justice of the Peace in 2000 by the Government of the Hong Kong Special Administrative Region. He is an adviser of Our Hong Kong Foundation. Professor Wong is an Independent Non-executive Director of Orient Overseas (International) Limited, Pacific Century Premium Developments Limited, and Sun Hung Kai Properties Limited, all of which are companies whose shares are listed on the Stock Exchange. Professor Wong is also an Independent Non-executive Director of Link Asset Management Limited (Manager of the publicly listed Link Real Estate Investment Trust) and Industrial and Commercial Bank of China (Asia) Limited. He is a former Independent Non-executive Director of CK Life Sciences Int'l., (Holdings) Inc.

Mrs. LEE Pui Ling, Angelina

Independent Non-executive Director

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

Mr. LEE Siu Kwong, Ambrose

Independent Non-executive Director

Mr. LEE Siu Kwong, Ambrose, aged 67, was appointed as an Independent Non-executive Director of the Company in January 2016 and is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is currently an independent non-executive director of HSBC Bank (China) Company Limited and a non-executive director of Digital Broadcasting Corporation Hong Kong Limited. Mr. Lee had served with the Hong Kong Government for 38 years and retired from it in 2012. He joined the Hong Kong Government as an Immigration Officer in 1974. He advanced through the ranks and in 1998, took charge of the Department as Director of Immigration. In 2002, Mr. Lee was appointed as Commissioner of the Independent Commission Against Corruption and one year later, he was appointed as Secretary for Security of the HKSAR Government. Throughout his years of service, Mr. Lee developed ample experience in government administration, executive management, law enforcement and crisis management. Mr. Lee is a Hong Kong deputy to the 12th National People's Congress and a Vice Chairman of the Council of Lifeline Express Hong Kong Foundation. He was awarded the Gold Bauhinia Star in 2009 and the Hong Kong Immigration Service Medal for Distinguished Service in 1998. Mr. Lee graduated from The University of Hong Kong with a Bachelor Degree of Science in Electrical Engineering and had also pursued administrative development and senior executive studies at Tsinghua University, University of Oxford, Harvard University and INSEAD.

Professor POON Ka Yeung
Independent Non-executive Director

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

Mr. LO Hong Sui, Antony
Executive Director

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

Madam LAW Wai Duen
Executive Director

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. LO Hong Sui, Vincent

Non-executive Director

Mr. LO Hong Sui, Vincent, aged 68, has been a Director of the Group since 1970. He was an Executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in December 2008. He is also the Chairman of the Shui On Group which he founded in 1971. The Shui On Group is principally engaged in property development, construction and construction materials with interests in Hong Kong and the Chinese Mainland. He is the Chairman of SOCAM Development Limited and Shui On Land Limited, both are listed on the Stock Exchange, and the Chairman of China Xintiandi Limited, a wholly owned subsidiary of Shui On Land Limited. He is also a Non-executive Director of Hang Seng Bank Limited. Mr. Lo is the Chairman of the Hong Kong Trade Development Council and an adviser of Our Hong Kong Foundation. He is also a former Chairman of the Board of Airport Authority Hong Kong and a former non-official member of Lantau Development Advisory Committee of the Hong Kong Government. Mr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Mr. Lo Kai Shui and Dr. Lo Ying Sui, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony and Madam Law Wai Duen, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, he is an uncle of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

Dr. LO Ying Sui

Non-executive Director

Dr. LO Ying Sui, aged 63, has been a Director of the Group since 1993. He was an Executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in December 2008. With a Doctor of Medicine Degree from the University of Chicago, he is a specialist in Cardiology and a Clinical Associate Professor (honorary) at The Chinese University of Hong Kong Faculty of Medicine. He is a son of Madam Lo To Lee Kwan, an elder brother of Mr. Lo Kai Shui, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen and Mr. Lo Hong Sui, Vincent, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, he is an uncle of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

Mr. LO Chun Him, Alexander

Executive Director

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

Mr. KAN Tak Kwong

Executive Director and General Manager

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

Mr. CHU Shik Pui

Executive Director

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

Directors' interests in the Group and/or in the Substantial Shareholders of the Company are set out in the Report of the Directors in this Annual Report.

SENIOR MANAGEMENT

HOTEL

Mr. Robert Allen WARMAN, age 57, joined Langham Hospitality Group in 2014 as Chief Executive Officer. With more than 35 years' experience in the global luxury hospitality industry, Mr. Warman provides strategic guidance in the Company's operations, drives innovation, and oversees all the development processes on a global level. A graduate of DePaul University in Chicago, Mr. Warman was the president and chief operating officer of Capella Hotel Group, as well as co-chairman of the Capella Asia board prior to joining the Langham Hospitality Group. Prior to that, Mr. Warman had served for 18 years in various senior operational and executive roles at The Ritz-Carlton Hotel Company, from the first hotel in Buckhead, Atlanta through its expansion into 50 luxury hotels around the world.

Ms. LO Bo Lun, Katherine, aged 34, joined the hotel division of Great Eagle Group in 2011 and acted as Executive Director of Langham Hospitality Group Limited. She is a hospitality industry professional. In 2014, she was appointed President of Eaton Hotels. As President, she is launching and overseeing the global rebranding of a new generation of Eaton. She leads the global Eaton team to execute the new Eaton vision in concept, innovation, design, programming, branding, development, project openings, operations, marketing, public relations, and strategic partnerships. She is a Non-executive Director of the Manager of the publicly listed trust, Langham Hospitality Investments. She graduated from Yale University with a Bachelor of Arts with distinction in Sociocultural Anthropology, and subsequently earned her Master of Fine Arts Degree from the University of Southern California. She is a daughter of Dr. Lo Ka Shui, the Chairman and Managing Director of the Company. She is also a granddaughter of Madam Lo To Lee Kwan, a niece of Mr. Lo Kai Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and an elder sister of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Mr. LUK Chau Kwong, Eric, aged 56, is the Head of Finance and Legal of the Group's Hotel Division who rejoined the Group in 2002. He first joined the Group in 1994 and had held previous positions including Vice President – Finance and Group Financial Controller for Langham Hospitality

Group and various capacities at hotel properties under the Group. He has more than 30 years' hotel management experience and works extensively on the management, operations and acquisition of the Group's hotel projects globally.

BUSINESS DEVELOPMENT AND FINANCE

Mr. MOK Siu Bun, Terry, aged 62, Financial Controller, joined the Group in 1981. He has a Master's Degree in Business Administration and has over 34 years' experience in accounting and finance in the real estate industry.

Mr. LAM Kin Kwok, Sherman, aged 56, joined the Group in September 2013 as Director of Strategy and Business Development and is the President of Pacific Eagle Holdings Corporation, overseeing Great Eagle's property investments and developments as well as real estate fund in the US. Mr. Lam held senior roles in both privately held and publicly listed organisations. Prior to Great Eagle Holdings, he served as the Chief Executive Officer of Rainbow Land Holdings Limited, the Chief Financial Officer of Langham Hotels International Limited, Strategic Planning and Development Director with the Fok Ying Tung Group and General Manager – Corporate Development of HKR International Limited. Mr. Lam had also worked with global petro-chemical giant, Shell in China and Hong Kong, and held various key roles with the HK-listed power company, CLP Group.

CHINA

Mr. LU Ning, Michael, aged 43, Managing Director of the Group's China and Trading divisions, joined the Group in May 2008. He holds dual Master's Degrees in Business Administration and Management Information Systems from Boston University, and a Bachelor's Degree from Tsinghua University in Beijing, China. Before joining the Group, Mr. Lu worked at premier global business consulting firms with extensive experience in North America, Europe and Asia, and emerging markets such as China and India.

Mr. AU Ngai Ho, aged 58, is the General Manager of Great Eagle (China) Investment Limited. He is responsible for the Group's real estate investment in the PRC. Mr. Au joined the Group in 1977 and has over 35 years' experience in property development and marketing in Hong Kong and Mainland China. Mr. Au holds a Higher Diploma in Valuation and Property Management.

PROPERTY MANAGEMENT

Mr. LEUNG Tat Kai, Henry, aged 62, Director and the General Manager of The Great Eagle Properties Management Company, Limited, joined the Group in 2002. He is responsible for the management of the Group's property portfolio. Mr. Leung holds a Bachelor's Degree in Laws. He is a member of the Royal Institution of Chartered Surveyors and an associate member of The Institute of Chartered Secretaries and Administrators. He has over 32 years' experience in the real estate industry and property management.

COMPLIANCE AND ADMINISTRATION

Ms. WONG Mei Ling, Marina, aged 49, is the Group Company Secretary and the Head of Company Secretarial and Administration Department. Ms. Wong is also responsible for the company secretarial matters of the publicly listed trusts, Champion Real Estate Trust and Langham Hospitality Investments. Ms. Wong is a fellow both of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and is a holder of a Master Degree in Laws from The Chinese University of Hong Kong, a Master Degree in Business Administration jointly awarded by the University of Wales and the University of Manchester and a Bachelor of Arts Degree in Accountancy from City Polytechnic of Hong Kong respectively. Ms. Wong had over 20 years of post qualification experience in company secretarial and compliance. Prior to joining the Company in 2008, Ms. Wong was the Company Secretary of a major red chip listed company in Hong Kong, where she obtained extensive working experience of China business.

INTERNAL AUDIT

Mr. HO Hon Ching, Barry, aged 53, Group Chief Internal Auditor, joined the Group in 2004. He holds a Bachelor's Degree in Economics from the University of Hull, United Kingdom, a Master's Degree in Business Administration from The University of Hong Kong and a Postgraduate Diploma in IT Forensics. He is an Associate of the Institute of Chartered Accountants in England and Wales, a Certified Public Accountant in Hong Kong, a Certified Internal Auditor, a Certified Fraud Examiner and a Certified Information Systems Auditor. In addition, Mr. Ho has also earned the Certification in Risk Management Assurance (CRMA) from the Institute of Internal Auditors (IIA), and the qualification of Certified in Risk and Information Systems Control (CRISC) from the Information Systems Audit and Control Association (ISACA). He has extensive experience in accounting, statutory auditing, IT auditing, internal auditing, risk management and corporate governance.

LEGAL

Mr. HUNG Ka Wai, aged 51, the Head of Legal of the Group, joined the Group in December 2011. Mr. Hung holds a Bachelor of Laws degree, a Postgraduate Certificate in Laws and a Master of Laws degree. Besides, he is also a graduate of the Law School of the University of New South Wales with a Master Degree in the Australian law. He is also a holder of the diploma in arbitration awarded by the Royal Institution of Chartered Surveyors. He was admitted as a solicitor in Hong Kong in 1996 with more than 19 years of experience in corporate finance and compliance work in listed companies. He is also a member of the Chartered Institute of Arbitrators in the United Kingdom, the Institute of Chartered Accountants in England and Wales, Chartered Accountants Australia and New Zealand and The Hong Kong Institute of Certified Public Accountants.

PROJECT DEVELOPMENT

Mr. Allen MATIS, aged 56, is the Head of Development and Project Management Department. With over 35 years of experience in real estate development and private equity investment in Asia and USA, and specific expertise in Greater China, he oversees the project portfolio of the Group. Mr. Matis had held key positions in multi-national organisations. Prior to joining the Company in 2015, he was an Executive Vice President – Property of SilverNeedle Hospitality Group responsible for capital placement, acquisition and development of the group's real estate portfolio. He had also worked for LaSalle Investment Management's Opportunistic Funds, LaSalle Asia Opportunity Fund II and LaSalle Asia Opportunity Fund III as Regional Director of Development for a portfolio with an aggregate investment in excess of US$4 billion spread over 30 projects. Prior to that, he had worked for Bovis Lend Lease for 17 years and served in senior operational and executive roles including the Country Manager of Greater China. He graduated from The University of Illinois with a Bachelor of Science Degree in Civil Engineering.

Mr. Toby BATH, aged 58, is the Managing Director, Projects – Asia and Europe of The Great Eagle Development and Project Management Limited. He is a Member of the Association for Project Management (MAPM), an Associate of American Institute of Architects and a LEED Accredited Professional. He graduated from Oxford School of Architecture and Urban Design, United Kingdom with a Bachelor of Architecture (Honors) Degree and is a holder of Post Graduate Diploma in both Architecture and Urban Design respectively conferred by Oxford Brooks University, United Kingdom. Prior to joining the Group in 2016, he had held directorate appointments in various multi-national architecture and interior design firms and acted as owner's representative playing vital roles in diverse stages of master planning, architecture and urban design for over 30 years. His all-round portfolio combines an array of projects including commercial and retail, hotels and resorts, residences, corporate offices and campuses, aviation and transportation projects, convention centers and auditoriums.

Mr. KWAN Chun Bon, James, aged 55, is the General Manager – Development of The Great Eagle Development and Project Management Limited. He has over 30 years extensive working experience in real estate fields which include development projects and investment properties. Mr. Kwan has been serving the Group since September 1994. He holds a Professional Diploma in Estate Management (Hong Kong Polytechnic) and is a member of the Hong Kong Institute of Real Estate Administrators. He is now overseeing the Group's Development Department and handling prospective development projects and real estate investments and acquisition.

CORPORATE GOVERNANCE REPORT

Great Eagle Holdings Limited is committed to maintaining and developing a high standard of corporate governance practices that are designed to enhance company image, boost Shareholders' confidence, and reduce the risk of fraudulent practices and ultimately serve the long-term interests of our Shareholders. The Board of Directors of the Company will from time to time monitor and review the Company's corporate governance practices in light of the regulatory requirements and the needs of the Company to underpin our engrained value of integrity and accountability. The major activities since 1 January 2015 are set out below:

- **General Mandates to Buy-back and to Issue Shares of the Company**
  General mandates to buy-back no more than 10% of the shares and issue no more than 20% of the shares of the Company were granted by the Shareholders at the Annual General Meeting ("2015 AGM") of the Company held on 30 April 2015.

- **Grant of Share Options**
  It is the normal practice of the Company to grant share options to the eligible employees (including Executive Directors) each year shortly after the publication of annual results announcement of the Company in the first quarter. Pursuant to the Listing Rules, the Company is not allowed to grant any options before the publication of the announcement of any inside information. During the year ended 31 December 2015, 4,042,000 share options were granted to the eligible employees (including Executive Directors) at the exercise price of HK$26.88 per share on 11 March 2015. In addition to the annual grant, 100,000 share options were granted to an eligible employee at the exercise price of HK$28.25 per share on 10 April 2015.

- **Change in Board Composition**
  On 2 December 2015, Mr. Lo Chun Him, Alexander and Mr. Chu Shik Pui were appointed as Executive Directors of the Company. Following their appointments, the number of Independent Non-executive Directors of the Board was less than one-third of the members of the Board. Upon the appointment of Mr. Lee Siu Kwong, Ambrose as an Independent Non-executive Director with effect from 28 January 2016, the Company had then fulfilled the requirement of Rule 3.10A of the Listing Rules and within three months from 2 December 2015 as required under Rule 3.11 of the Listing Rules. All newly appointed Directors are subject to retirement by rotation and eligible for re-election pursuant to the Bye-laws of the Company. With effect from 18 March 2016, Professor Poon Ka Yeung has been appointed as an Independent Non-executive Director of the Company and Mr. Zhu Qi has resigned as an Independent Non-executive Director of the Company and ceased to be a member of the Audit Committee of the Board. Formal announcements in relation thereto were/will be published.

- **Early Adoption of the Proposed Amendments to Corporate Governance Code in relation to Risk Management**
  The proposed amendments to the Corporate Governance Code in relation to risk management and internal control has become effective for accounting periods beginning on or after 1 January 2016. To enhance transparency and place greater emphasis on risk management, the Company has early adopted the proposed amendments and updated the terms of reference of the Audit Committee of the Company in accordance with the amendments to Corporate Governance Code in August 2015.

CORPORATE GOVERNANCE POLICIES AND PRACTICES

The Board of Directors is responsible for reviewing the overall corporate governance arrangements, approving governance policies and reviewing disclosures in Corporate Governance Report. It plays a central support and supervisory role in the Company's corporate governance duties. The governance framework of the Company is constituted by the Statement of Corporate Governance Practice of the Company. It serves as an ongoing guidance for the Directors to perform and fulfill their respective roles and obligations to the Company.

Corporate Governance Practice

The Company has in place a set of governance policies and procedures which constituted the core elements of the governance framework of the Group. They include:

- **Reporting and Monitoring Policy on Connected Transactions**
  The purpose of this policy is to set out the internal control systems and monitoring procedures of the Company in respect of executing, recording and reporting of all connected transactions and continuing connected transactions no matter they are exempted transactions or otherwise.

- **Schedule of Matters Reserved for the Board**
  It sets out a list of major issues preserved for the decision of full Board, except when an appropriate board committee is set up for the matter.

- **Policy on the Preservation and Prevention of Misuse of Inside Information**
  It sets out the Company's internal control systems and monitoring procedures to preserve and prevent the misuse of inside information and ensure all persons to whom the policy applies understand their obligations to preserve the confidentiality of unpublished inside information and assist them and the Company to comply with their obligations to disclose inside information.

- **Code of Conduct**
  It sets out the basic standards of behaviour expected of all employees (including Executive Directors) and the Group's policy on matters like acceptance of advantages and declaration of conflict of interest by employees in connection with their official duties.

- **Code of Conduct regarding Securities Transactions by Directors and Relevant Employees**
  It sets out the required standards against which the Directors and relevant employees of the Company must measure their conduct regarding transactions in securities of the Company or any listed entities in which the Company has 20% or above interest in share capital and the Director or the relevant employee is in possession of unpublished inside information of such entities.

- **Shareholder Communication Policy**
  It reflects the current practice of the Company in communications with Shareholders.

The Board regularly reviews these policies and procedures, and further enhancement will be made from time to time in light of the latest statutory and regulatory regime and applicable international best practices. Copies of the principal governance policies can be obtained from the Company's website at www.GreatEagle.com.hk.

Compliance with Corporate Governance Code

During the year, the Company has complied with most of the code provisions and where appropriate, adopted some of the recommended best practices as set out in the CG Code. Set out below are the details of the deviations from the code provisions and non-fulfillment of Rule 3.10A of the Listing Rules:

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

Dr. Lo Ka Shui is the Chairman of the Board and is holding the office of Managing Director of the Company. While this is a deviation from CG Code Provision A.2.1, dual role leadership has been in practice by the Company for decades and has withstood the test of time. The Board considers this arrangement to be appropriate for the Company as it can preserve the consistent leadership culture of the Company and allow efficient discharge of the executive functions of the chief executive. The Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high caliber individuals including five Independent Non-executive Directors and three Non-executive Directors. Meanwhile, the day-to-day management and operation of the Group are delegated to divisional management under the leadership and supervision of Dr. Lo in the role of Managing Director who is supported by the Executive Directors and Senior Management.

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

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

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

Under the existing Bye-laws of the Company, the Executive Chairman and Managing Director of the Company are not subject to retirement by rotation. The same provision is contained in The Great Eagle Holdings Limited Company Act, 1990 of Bermuda. As such, Directors who hold the offices of either the Executive Chairman or the Managing Director of the Company are by statute not required to retire by rotation. After due consideration, in particular to the legal costs and procedures involved, the Board considers that it is not desirable to propose any amendment to The Great Eagle Holdings Limited Company Act, 1990 for the sole purpose of subjecting the Executive Chairman and Managing Director of the Company to retirement by rotation. Dr. Lo Ka Shui is the Executive Chairman and Managing Director of the Company. His interests in shares and underlying shares of the Company and associated corporations are set out in the Report of the Directors contained herein. There is no service contract between the Company and Dr. Lo Ka Shui, and he is not appointed for any specified length or proposed length of services with the Company. Notwithstanding that Dr. Lo is not subject to retirement by rotation, he has disclosed his biographical details in accordance with Rule 13.74 of the Listing Rules in the circular to the Shareholders in relation to, among other things, the re-election of retiring Directors, for Shareholders' information. A biography of Dr. Lo and details of his emoluments are also provided on page 47 of this Annual Report and in note 13 to the consolidated financial statements respectively.

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

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

It is a mandatory disclosure requirement that the Company must disclose how each of its directors, by name, complied with CG Code Provision A.6.5 in relation to participation in continuous professional development

Madam Lo To Lee Kwan, a Non-executive Director of the Company, is the co-founder of the Group. She is actively involved in the early stage of development of the Group and has valuable contribution to the growth and success of the Group over the years. Since she is relatively inactive in the Group's business in recent years, she has not participated in the 2015 Director Development Program provided by the Company.

Rule 3.10A requires that the Company must appoint Independent Non-executive Directors representing at least one-third of the board

Following the appointment of two additional Executive Directors to the Board on 2 December 2015, the number of Independent Non-executive Directors of the Board was less than one-third of the members of the Board. Upon the appointment of Mr. Lee Siu Kwong, Ambrose as an Independent Non-executive Director with effect from 28 January 2016, the Company had then fulfilled the requirement of Rule 3.10A of the Listing Rules and within three months from 2 December 2015 as required under Rule 3.11 of the Listing Rules.

BOARD OF DIRECTORS

Board Responsibilities

The Board of Directors assumes responsibility for leadership and control of the Group and is collectively responsible for promoting the success of the Company. The Board is responsible for overseeing the management and operation of the Group, and is ultimately accountable for the Group's activities, strategies and financial performance.

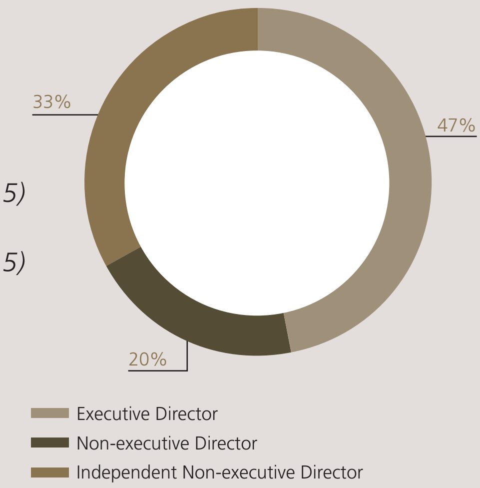
MEMBERS OF THE BOARD OF DIRECTORS

- The Board currently has fifteen members, seven Executive Directors and eight Non-executive Directors, five of whom are Independent Non-executive Directors.
- The Board comprises a relatively balanced number of Executive Directors and Non-executive Directors (including Independent Non-executive Directors representing one-third of the Board) that can ensure there is adequate independent judgment for the running of the Company's business.
- The members of the Board comprise experts from various professions with extensive experience and have appropriate professional qualifications or accounting or related financial management expertise.

Board Composition

The composition of the Board during the year is set out as follows:

Executive Directors
Dr. LO Ka Shui *(Chairman and Managing Director)*
Mr. LO Kai Shui *(Deputy Managing Director)*
Mr. LO Hong Sui, Antony
Madam LAW Wai Duen
Mr. LO Chun Him, Alexander *(appointed on 2 December 2015)*
Mr. KAN Tak Kwong *(General Manager)*
Mr. CHU Shik Pui *(appointed on 2 December 2015)*



Non-executive Directors
Madam LO TO Lee Kwan
Mr. LO Hong Sui, Vincent
Dr. LO Ying Sui

Independent Non-executive Directors
Mr. CHENG Hoi Chuen, Vincent
Professor WONG Yue Chim, Richard
Mrs. LEE Pui Ling, Angelina
Mr. ZHU Qi
Mr. LEE Siu Kwong, Ambrose *(appointed on 28 January 2016)*

The changes to the composition of the Board since 1 January 2015 were as follows:

- Mr. Lo Chun Him, Alexander and Mr. Chu Shik Pui were appointed as Executive Directors of the Company on 2 December 2015;
- Mr. Lee Siu Kwong, Ambrose was appointed as an Independent Non-executive Director of the Company on 28 January 2016;
- Professor Poon Ka Yeung has been appointed as an Independent Non-executive Director of the Company with effect from 18 March 2016; and
- Mr. Zhu Qi has resigned as an Independent Non-executive Director of the Company and ceased to be a member of the Audit Committee of the Board with effect from 18 March 2016.

Madam Lo To Lee Kwan is the mother of Dr. Lo Ka Shui, Mr. Lo Kai Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and the grandma of Mr. Lo Chun Him, Alexander. Saved as disclosed above, there are no family or other material relationships among members of the Board.

The Bye-laws of the Company requires that one-third of the Directors (other than the Executive Chairman and Managing Director) should retire by rotation. The re-election of each retiring Director is voted by poll on an individual basis.

In all corporate communications, the Company has disclosed the composition of the Board according to the categories and responsibilities of the Directors. Biographical details of the Directors and the Senior Management are set out on pages 47 to 54 of this Annual Report and published on the Company's website at www.GreatEagle.com.hk.

Independence of Independent Non-executive Directors

The participation of Independent Non-executive Directors in the Board brings independent judgment on issues relating to the Group's strategy, performance, conflicts of interest and management process to ensure that the interests of all Shareholders of the Company have been duly considered.

The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence, and considers the four Independent Non-executive Directors of the Company fulfill the independence guidelines set out in Rule 3.13 of the Listing Rules. Mr. Lee Siu Kwong, Ambrose who was appointed as an Independent Non-executive Director on 28 January 2016 and Professor Poon Ka Yeung who has been appointed as an Independent Non-executive Director with effect from 18 March 2016, have also confirmed their independence pursuant to the aforesaid independence guidelines on or before the date of their appointments. Re-election of all Directors will be subject to a separate resolution at the Annual General Meeting to be approved by Shareholders. Three of the Independent Non-executive Directors, namely Mr. Cheng Hoi Chuen, Vincent, Professor Wong Yue Chim, Richard and Mrs. Lee Pui Ling, Angelina have served on the Board for more than nine years. The Nomination Committee is fully satisfied that they demonstrate complete independence in character and judgement both in their designated roles and as Board members and is of the opinion that they continue to bring independent view of the Company's affairs to the Board notwithstanding their length of service. The Board believes that their in-depth knowledge of the Group's business and their extensive experience and expertise continue to provide invaluable contribution to the Board.

Directors Orientation and Continuing Development

The Company has established a Director Development Program that fosters the continuous education of Board members. The program has two components namely (1) New Director Orientation and (2) Ongoing Director Development.

Newly appointed Directors will receive a comprehensive induction package designed to provide a general understanding of the Group, its business, the operations of the Board and the main issues it faces. The induction package reviews the Board's policies and procedures; Great Eagle's Bye-laws and current organisation structure; the most recent annual and interim reports and key business issues. In addition, a new Director will have a one-on-one meeting with the Company Secretary with the purpose of assisting the new Director in understanding the role of the Board and its committees and the commitment expected of a Director.

To keep abreast of the responsibilities of the Directors and infuse them with new knowledge, information packages comprising the latest developments in the legislations, industry news and materials relevant to the roles, functions and duties as a director will be provided to each Director by the Company Secretary periodically. With regard to the Director Development Program in 2015, legal and regulatory updates on the Listing Rules, Securities and Futures Ordinance and Contracts (Rights of Third Parties) Ordinance, various reading materials regarding global economics environment were circulated to the Directors. All Directors, except Madam Lo To Lee Kwan, participated in the Program and/or other continuous professional development and had provided a record of at least 10 hours' training they received to the Company.

SUMMARY OF KEY MATTERS RESERVED FOR THE BOARD

Strategy

- Approval of the Group's long term objectives and corporate strategy
- Extension of the Group's activities into new business of material nature
- Any decision to cease to operate all or any material part of the Group's business

Structure and Capital

- Recommendations to the Shareholders of proposals relating to General Mandates to buy-back existing shares and issue new shares
- Changes relating to the Group's capital structure
- Major changes to the Group's corporate structure, management and control structure

Financial and Corporate Governance

- Approval of the annual report, interim report and results announcements
- Declaration of interim dividend and recommendation of final dividend
- Approval of any significant changes in accounting policies or practice
- Approval of substantial acquisition or disposal
- Approval of material connected transactions
- Approval of major capital expenditures
- Approval of terms of reference of Board committees
- Review of the Group's overall corporate governance arrangements
- Approval of the Group's governance policies

Board Membership and Other Appointments

- Appointment of membership of Board Committees
- Appointment or removal of the Company Secretary
- Appointment, re-appointment or removal of the external auditor to be put to Shareholders for approval, if required

Supply and Access to Information

Directors are provided with monthly reports covering highlights of the Company's major businesses to keep abreast the Directors of the Group's business performance and enable them to bring informed decisions in the best interests of the Company and Shareholders. More thorough and comprehensive management and financial updates were provided to all Board members on a quarterly basis to ensure each member is aware of the financial performance and position of the Company. The Directors are also kept updated of any material developments from time to time through notifications and circulars. Discussion sessions between the Board of Directors and the key members of management are held regularly twice a year. Directors also have access to Senior Management of the Company.

The Board Members may obtain independent professional advice for the purposes of discharging their duties and responsibilities. Such advice may be obtained at the Company's expense upon reasonable request. The Company Secretary is responsible to make all necessary arrangement. The Directors also have access to the advice and services of the Company Secretary, who is responsible to ensure Board procedures and all applicable rules and regulations are followed.

As an employee of the Company, the Company Secretary supports the Board, ensures good information flow within the Board and Board policy and procedures are followed, advises the Board on governance matters, facilitates induction and monitors the training and continuous professional development of Directors. She is a fellow of The Hong Kong Institute of Chartered Secretaries and attained not less than 15 hours of professional training to update her knowledge and skill each year since 2005. Her biography is set out in the Biographical Details of the Directors and Senior Management section of this Annual Report.

Board Meetings

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

PROCEEDINGS OF THE BOARD

- In accordance with the Bye-laws of the Company, a resolution in writing signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held. If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will not be dealt with by way of resolution in writing or by a Committee (except an appropriate Board Committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a full Board meeting will be held.
- At least 14 days' formal notice of a regular Board meeting will be given to all Directors and all Directors are given the opportunity to include any matters for discussion in the agenda for each regular Board Meeting. For special Board meeting, reasonable notice will be given.
- An agenda and accompanying Board papers will be sent to all Directors at least 3 days in advance of every regular Board meeting or Committee meeting. All Directors are entitled to have access to board papers and related materials. These papers and related materials should be in a form and quality sufficient to enable the Board to make informed decisions on matters placed before it.
- A Director may participate in a meeting of the Board by telephone conference. Unless otherwise determined two Directors shall be a quorum.
- Draft and final version of minutes are circulated to all Directors for their comment and confirmation within a reasonable time after each Board and Board Committee meeting. All Board and Board Committee minutes or resolutions shall be kept by the Company Secretary or the Committee Secretary and are available for Directors' inspection.

Directors' Attendance at Board Meetings

Four full physical Board meetings were held during the financial year ended 31 December 2015. The attendance of individual Directors at these Board meetings during the year ended 31 December 2015 is set out below:

Name of Directors	Number of Board Meeting Attended/ Eligible to Attend for the year ended 31 December 2015
Executive Directors	
LO Ka Shui (1)	4/4
LO Kai Shui (2)	3/4
LO Hong Sui, Antony	4/4
LAW Wai Duen	4/4
LO Chun Him, Alexander	0/0
KAN Tak Kwong (3)	4/4
CHU Shik Pui	0/0
Attendance Rate:	95.00%
Non-executive Directors	
LO TO Lee Kwan (4)	0/4
LO Hong Sui, Vincent	2/4
LO Ying Sui	2/4
Attendance Rate:	33.33%
Independent Non-executive Directors	
CHENG Hoi Chuen, Vincent	4/4
WONG Yue Chim, Richard	4/4
LEE Pui Ling, Angelina	4/4
ZHU Qi	4/4
Attendance Rate:	100.00%
Overall Attendance Rate	**81.25%**

Notes:

(1) Chairman and Managing Director
(2) Deputy Managing Director
(3) General Manager
(4) Co-founder of the Company
(5) As the appointment of both Mr. Lee Siu Kwong, Ambrose and Professor Poon Ka Yeung as Independent Non-executive Directors of the Company has been in 2016, they have no attendance record during the year ended 31 December 2015.

Directors' and Officers' Insurance

During the year ended 31 December 2015, the Company has arranged appropriate Directors' and Officers' liabilities insurance coverage in respect of legal action against its Directors and officers.

Directors' Securities Transactions

The Company has adopted its own Code of Conduct regarding Securities Transactions by Directors and relevant employees of the Company on terms no less exacting than the required standard set out in the Model Code and the same is updated from time to time in accordance with the Listing Rules requirements. The Directors' interests in the securities of the Company and its associated corporations (within the meaning of the SFO) as at 31 December 2015, are set out on pages 82 to 84 of this Annual Report.

Having made specific enquiry, all Directors and relevant employees of the Company have confirmed that they have fully complied with the Code of Conduct for Securities Transactions throughout the year ended 31 December 2015.

DELEGATION BY THE BOARD

Management Functions

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

Board Committees

The Board of Directors has established four standing Board Committees with clear terms of reference to review specific issues or items. They are the Audit Committee, Remuneration Committee, Nomination Committee and Finance Committee. These Board Committees also adopted the same principles, procedures and proceedings of the Board of Directors.

Audit Committee

The Audit Committee of the Company was established in 1999. The role of the Audit Committee is to review the reports and proposals from management and to make recommendations to the Board of Directors of the Company in respect of the financial reporting and other statutory obligations, risk management and internal control systems, and audit process with a view to assist the Board to fulfill its duties in relation to internal control, risk management and financial management. The Audit Committee is advisory and not supervisory in nature and its principal duties are as follows:

(a) to review the Company's half-year and annual report and financial statements of the Company and provide comments and advices thereon to the Board;

(b) to discuss with the management the Company's statement on risk management and internal control systems, to review the internal audit programme and internal auditors' reports, to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

(c) to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the audit fee and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

(d) to review the external auditor's management letter, any material queries from the auditor to management in respect of the accounting records, financial accounts or system of internal control and management's response to the points raised;

(e) to review arrangements that employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and

(f) to review the implementation and compliance of the Deed of Right of First Refusal dated 10 May 2013 entered into between the Group and LHI regarding the grant of a right of first refusal by the Group to LHI in relation to certain investment and disposal of hotel properties by the Group as more particularly described in the prospectus of LHI in order to maintain a clear delineation of the respective businesses of LHI and that of the Group.

The written terms of reference of the Audit Committee are posted on the websites of the Company and HKEX.

The Audit Committee currently comprises five Independent Non-executive Directors, namely, Mr. Cheng Hoi Chuen, Vincent (who is the chairman of the Audit Committee), Professor Wong Yue Chim, Richard, Mrs. Lee Pui Ling, Angelina, Mr. Lee Siu Kwong, Ambrose (appointed on 28 January 2016) and Mr. Zhu Qi (has ceased to be an Audit Committee member with effect from 18 March 2016).

AUDIT COMMITTEE MEETINGS HELD IN 2015

During the year ended 31 December 2015, two meetings of the Audit Committee were held and all members were present at the meetings. The following is a summary of the major work done of the Audit Committee at these meetings:

- reviewed various internal audit activities and approved the annual audit plan;
- reviewed the effectiveness of the risk management and internal control systems;
- reviewed the significant findings and recommendations from the internal auditor and monitored subsequent implementations;
- reviewed the updated term of reference of the Audit Committee;
- reviewed the external auditor reports for the year ended 31 December 2014 and for the period ended 30 June 2015 respectively which summarise the principal matters of governance interest that had arisen from their audit;
- reviewed the Group's accounting, finance and reporting functions, legal and regulatory, and governance and compliance issues;
- reviewed the audited financial statements for the year ended 31 December 2014 and the unaudited financial statements for the six months ended 30 June 2015;
- reviewed and approved the draft 2014 Annual Report and final results announcement of the Company;
- reviewed and approved the draft 2015 Interim Report and interim results announcement of the Company; and
- reviewed and considered the re-appointment of Messrs. Deloitte Touche Tohmatsu as the external auditor and approved their remuneration.

Remuneration Committee

The Company established the Remuneration Committee in 2004. The Remuneration Committee adopts model of determining the remuneration packages for all Directors and Senior Management. It is also responsible for setting up formal and transparent procedures to formulate policy on Executive Directors' remuneration and to ensure remuneration levels are sufficient to attract and retain Directors to run the Company successfully without paying more than necessary. The principal duties of the Remuneration Committee are as follows:

(a) to have the delegated responsibility to determine the remuneration packages of the Company's employees including Executive Directors and Senior Management; and

(b) to decide on the grant of share options under such Share Option Scheme as may from time to time be adopted by the Company.

The written terms of reference of the Remuneration Committee are posted on the websites of the Company and HKEX.

The Remuneration Committee currently comprises four Independent Non-executive Directors, namely, Mrs. Lee Pui Ling, Angelina (who is the chairman of the Remuneration Committee), Mr. Cheng Hoi Chuen, Vincent, Professor Wong Yue Chim, Richard and Mr. Lee Siu Kwong, Ambrose (appointed on 28 January 2016).

REMUNERATION COMMITTEE MEETINGS HELD IN 2015

During the year ended 31 December 2015, two meetings of Remuneration Committee had been held and all members were present at the meetings. The following is a summary of the major work done of the Remuneration Committee at the meetings:

- approved the proposals for 2015 general salary revision of and discretionary bonus distribution to the employees of the Group;
- approved the revisions of salary, discretionary bonus distribution and other remuneration packages of Executive Directors and Senior Management of the Group;
- recommended the Directors' fee and remuneration for Non-executive Directors for the year 2015;
- approved the annual grant of share options of the Group; and
- approved the remuneration package of new Executive Directors.

All Executive Directors are under salaried employment in the Company. Review of the emoluments of Directors and Senior Management by the Remuneration Committee during the year was based on the skill and knowledge of the Directors and Senior Management, their job responsibilities and involvement in the Group's affairs, the Company's performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions.

No Director should be involved in deciding his/her own remuneration. The remunerations of individual Director and Senior Management are determined by the Remuneration Committee which comprises only Independent Non-executive Directors. The remuneration package offered to the Directors and Senior Management of the Company comprises core fixed elements (including base salary, retirement benefits scheme contributions and other benefits) as well as discretionary variable elements (including discretionary bonuses). Details of Directors' emoluments are provided in note 13 to the consolidated financial statements.

Nomination Committee

The Company established the Nomination Committee in 2005. The written terms of reference of the Nomination Committee are posted on the websites of the Company and HKEX.

The Nomination Committee is responsible for formulating policy and making recommendations to the Board on nominations, appointment or re-appointment of Directors and Board succession. The principal duties of the Nomination Committee are as follows:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and

(d) to assess the independence of Independent Non-executive Directors.

The Nomination Committee recommends candidates for nomination to the Board. Appointments to the Board shall be on merit and against objective criteria and with due regard for the benefits of diversity. There are many considerations that factor into the Nomination Committee's nomination process including legal requirements, best practices, and skills required to complement of the Board's skill set and the number of Directors needed to discharge the duties of the Board and its Committees. But it will not set any restrictions like gender, age, cultural or educational background when short listing candidates. The Board approves the final choice of candidates.

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

The Nomination Committee currently comprises four Independent Non-executive Directors, namely, Professor Wong Yue Chim, Richard (who is the chairman of the Nomination Committee), Mr. Cheng Hoi Chuen, Vincent, Mrs. Lee Pui Ling, Angelina and Mr. Lee Siu Kwong, Ambrose (appointed on 28 January 2016).

NOMINATION COMMITTEE MEETINGS HELD IN 2015

During the year ended 31 December 2015, two meetings of Nomination Committee were held and all members were present at the meetings. The following is a summary of the major work done of Nomination Committee at the meetings:

- reviewed the structure, size and composition of the Board, and the contribution required from the Board members;
- to review the time commitment of Non-executive Directors to the affairs of the Company through, inter alia, their meeting attendance and other listed Company's directorships;
- reviewed the independence of Independent Non-executive Directors;
- approved the nomination of retiring Directors to seek for re-election at the 2015 Annual General Meeting; and
- approved the nominations of new Executive Directors.

Finance Committee

The Company established the Finance Committee in 2003 which comprises three Executive Directors, namely Dr. Lo Ka Shui (who is the chairman of the Finance Committee), Mr. Lo Kai Shui and Mr. Kan Tak Kwong. Matters considered by the Finance Committee and the decisions reached are reported to the Board at regular Board meetings.

The role of the Finance Committee is to assist the Board in overseeing its policies and fulfilling its responsibilities with respect to financial matters. Apart from the day-to-day interactions, the principal duties of the Finance Committee are as follows:

(a) to review the financial position of the Company; and

(b) to review and consider the present or future borrowings and/or other financial obligations and/or liabilities, actual, contingent or otherwise of the Group.

A general mandate had been granted to the Finance Committee for the use of seal of the Company in relation to the provision of guarantee or indemnity by the Company as may be required to support any tender submissions to be made by the Group in order to streamline the administration procedures.

DIRECTOR'S FEE AND BOARD COMMITTEE REMUNERATION

A Director is entitled to receive a Director's fee of HK$160,000 for the year ended 31 December 2015. The Director's fee had been proposed by the Board on the recommendation of the Remuneration Committee based on the general duties and responsibilities as a Director of the Company and approved by Shareholders at the 2015 Annual General Meeting, and payable to each Director as ordinary remuneration.

The annual remunerations received by the chairman and the members of the respective Board Committees are set out below. These remunerations were determined by the Board with reference to the time and effort involved in his/her specific duties and services and the prevailing market conditions.

	2015 **HK$**	2014 HK$
Audit Committee		
• Chairman	**220,000**	210,000
• Committee Member	**170,000**	160,000
Remuneration Committee		
• Chairman	**70,000**	60,000
• Committee Member	**60,000**	50,000
Nomination Committee		
• Chairman	**50,000**	40,000
• Committee Member	**40,000**	30,000
Finance Committee		
• Chairman	**Nil**	Nil
• Committee Member	**Nil**	Nil

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2015, the Group entered into certain connected transaction and continuing connected transactions. Disclosure requirements in accordance with the Listing Rules had been fully complied with.

Details of the non-exempted connected transaction and continuing connected transactions entered during the year and the annual review are set out on pages 86 to 90 in the Report of the Directors contained in this Annual Report.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2015, the Group also entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Certain of these related party transactions also constituted connected transactions as defined under the Listing Rules. Details of related party transactions are disclosed in note 44 to the consolidated financial statements.

AUDITOR'S REMUNERATION

During the year ended 31 December 2015, the total fees in respect of audit and non-audit services provided to the Company and its subsidiaries by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, are set out as follows:

	2015 HK$'000	2014 HK$'000
Services rendered		
Audit services	**8,281**	8,369
Non-audit services		
Taxation services	**1,194**	887
Interim review fee	**1,320**	1,180
Completion account of MGIL	**–**	380
Other review fees including continuing connected transactions review etc	**332**	345
	11,127	11,161

Note: The total amount of Auditor's Remuneration as disclosed in note 12 to the consolidated financial statements is HK$13,671,000 which comprises audit services provided by other auditors in the total amount of HK$5,390,000, but does not include the fees in respect of non-audit services.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is entrusted with the overall responsibility on an ongoing basis for ensuring that appropriate and effective risk management and internal control systems are established and maintained for the Group. The systems are designed to provide reasonable but not absolute assurance against material misstatement or loss, and to manage rather than eliminate risk of failure to meet the business objectives. The following have been established and executed to ensure there are appropriate and effective risk management and internal control systems within the Group:

(a) a good control environment including well defined organisational structure, limit of authority, reporting lines and responsibilities;

(b) Risk Management Self-Assessment and Internal Control Self-Assessment conducted annually by major business entities of the Group;

(c) appropriate control activities including clear and written company policies and procedures that can manage risks to an acceptable level for the achievement of the business objectives;

(d) effective information platforms to facilitate internal and external information flow; and

(e) structural internal audit function to perform independent appraisal of major operations on an ongoing basis.

Through the Audit Committee and the Group's Internal Audit Department, the Board has conducted an annual review on the effectiveness of the risk management and internal control systems for the year ended 31 December 2015.

With adoption of a risk-based approach, the Internal Audit Department takes the lead to evaluate the risk management and internal control systems of the Group by reviewing all its major operations on a cyclical basis. The audit reviews cover all material controls including financial, operational and compliance controls. The annual audit plan and the long-term strategy plan of the Internal Audit Department are approved by the Audit Committee. The Head of Internal Audit Department reports directly to the Managing Director and the Audit Committee. Results of the audit reviews in the form of audit reports are submitted to the members of the Audit Committee for discussion at the Audit Committee meetings. The internal audit reports are also followed up by the Internal Audit Department to ensure that findings previously identified have been properly resolved.

Based on the results of the internal audit reviews for the year ended 31 December 2015 and the assessment of the Audit Committee thereon, no significant irregularity or deficiency in risk management and internal controls systems has drawn the attention of the Audit Committee.

The Board therefore is satisfied that the Group has maintained appropriate and effective risk management and internal control systems for the year ended 31 December 2015.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board, supported by the Accounts and Finance Department, is responsible for the preparation of the accounts of the Company and its subsidiaries for the year ended 31 December 2015.

The statement by the Auditor of the Company about their reporting responsibilities is set out in the Independent Auditor's Report on pages 97 and 98 of this Annual Report.

COMMUNICATION WITH SHAREHOLDERS

The Company recognises the importance of maintaining an on-going dialogue with the Shareholders. A Shareholders' Communication Policy, which is reviewed by the Board on a regular basis, had been established to promote effective engagement with Shareholders, both individual and institutional investors, and other stakeholders, giving them ready access to balanced and understandable information about the Company and corporate proposals, and making it easy for Shareholders to participate in general meetings.

The Board is committed to promote consistent disclosure practices aimed at accurate, timely and broadly disseminated disclosure of material information about the Company to the market. Corporate communications of the Company, including but not limited to annual reports, interim reports, and notices of meetings, announcements, circulars and other relevant Company's information are available on the website of the Company at www.GreatEagle.com.hk. The Company Secretary is responsible for overseeing and co-coordinating disclosure of information to the regulators and Shareholders, and providing guidance to Directors and employees on disclosure requirements and procedures.

One of the principal channels of communication with the Shareholders is the Annual General Meeting. The Company ensures the Shareholders' views are communicated to the Board. Proceedings of General Meetings are reviewed from time to time to ensure that the Company follows the best appropriate corporate governance practices.

PROCEEDINGS OF GENERAL MEETINGS

- At each general meeting, each substantially separate issue will be considered by a separate resolution.
- Printed copies of the corporate communications including annual reports, circulars, explanatory statements and related documents or their respective notification letters of publication (as the case may be) will be despatched to Shareholders no less than 20 clear business days prior to the Annual General Meeting and general meeting where a special resolution is proposed for consideration or no less than 10 clear business days for other general meeting. Detailed information on each resolution to be proposed will also be provided.
- The Chairman of the Board and the respective Board Committees or their duly appointed delegates and other Board members will attend the Annual General Meeting to answer questions from Shareholders.
- The external auditor will attend Annual General Meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence and any other related questions as may be raised by the Shareholders.
- All votes of Shareholders at general meeting will be taken by poll. The procedures for conducting a poll will be explained at the meeting.
- Independent scrutineer will be engaged to ensure all votes at general meeting are properly counted.
- Poll vote results will be posted on the websites of the Company and HKEX on the same day after the meeting.

In order to reduce paper consumption for environmental reasons and to save printing and mailing costs for the benefit of Shareholders, the Company has provided registered Shareholders with a choice of receiving corporate communications (including documents issued or to be issued by or on behalf of the Company for the information or action of Shareholders as defined in Rule 1.01 of the Listing Rules) by electronic means through the Company's website or in printed form.

To ensure mutual and efficient communications, the Company meets institutional investors, financial analysts and media regularly at analyst briefings, investor meetings, one-on-one group meetings, local and overseas conference and roadshows. Investors and Shareholders may visit the Company's website for details of the Company's recent press release and results announcement presentation and may also send enquiries to the Board through the Company's website or by email at enquiry@greateagle.com.hk. A financial calendar setting out the important dates is contained in this Annual Report on page 5.

General Meeting held in 2015

One General Meeting of the Company was held in 2015. Set out below are the details of the said Meeting:

2015 Annual General Meeting

The 2015 Annual General Meeting was held on 30 April 2015 at Yat Tung Heen, 2nd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Dr. Lo Ying Sui, Mr. Kan Tak Kwong, and Professor Wong Yue Chim, Richard had attended the Annual General Meeting in 2015. The matters resolved thereat are listed below.

Ordinary Resolutions		Percentage of Votes in favour of the Resolution
1.	Received the audited consolidated Financial Statements of the Company and its subsidiaries for the year ended 31 December 2014 together with the Reports of the Directors and Independent Auditor thereon.	99.99%
2.	Approved the payment of a Final Dividend of HK47 cents per share.	99.99%
3.	Re-elected Mr. Lo Kai Shui as an Executive Director.	99.58%
4.	Re-elected Madam Lo To Lee Kwan as a Non-executive Director.	92.41%
5.	Re-elected Professor Wong Yue Chim, Richard as an Independent Non-executive Director.	97.83%
6.	Re-elected Mr. Lo Hong Sui, Antony as an Executive Director.	99.58%
7.	Fixed the maximum number of Directors at 15.	99.86%
8.	Fixed the ordinary remuneration of HK$160,000 payable to each Director for the year 2015.	99.92%
9.	Re-appointed Messrs. Deloitte Touche Tohmatsu as Auditor and authorised the Board of Directors to fix their remuneration.	99.82%
10.	Approved the grant of a general mandate to the Directors to buy-back shares not exceeding 10% of the issued share capital.	99.99%
11.	Approved the grant of a general mandate to the Directors to allot, issue and deal with additional shares not exceeding 20% of the issued share capital.	88.19%

SHAREHOLDERS' RIGHTS

The Board and Senior Management shall ensure Shareholders' rights and all Shareholders are treated equitably and fairly. The following rights of the Shareholders are set out in the Bye-laws and the Bermuda Companies Act 1981:

Convening a Special General Meeting by Shareholders

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

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

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

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

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

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

Putting Forward Proposals at General Meetings

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

(i) put forward proposals at general meetings; or

(ii) circulate to other Shareholders written statement of not more than 1,000 words with respect to the matter to be dealt with at general meeting.

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

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

Putting Enquiries to the Board

Shareholders may send their enquiries requiring the attention of the Board to the principal office of the Company, for the attention of the Company Secretary. Questions about the procedures for convening or putting forward proposals at an annual general meeting or special general meeting may also be put to the Company Secretary by the same means.

CONSTITUTIONAL DOCUMENTS

During the financial year 2015, there was no change in the Company's constitutional documents.

WORKFORCE SUSTAINABILITY

We recognise the importance of workforce sustainability which is about retaining and attracting right people to meet current and future business requirements. We offer competitive salary to the employees and discretionary bonuses are granted based on performance of the Group as well as performance of individual employees. Other employee benefits include educational allowance, insurance, medical scheme and provident fund schemes. Senior employees (including executive directors) are entitled to participate in the Great Eagle Holdings Limited Share Option Scheme. In line with our commitment to corporate social responsibility, staff wellness program (e.g. green workshop, mindfulness class) is provided to employees. As at 31 December 2015, the number of employees of the Group, including our head office management team, and frontline hotel and property management and operation colleagues, increased approximately 11.2% to 6,317 (2014: 5,680), which was mainly attributable to the increase in staff upon completion of the acquisition of the remaining 2/3 interest in The Langham, Xintiandi hotel.

The following table shows the breakdown of employees of the Group as at 31 December 2015:

	Number of Employees					
Business	**HK**	**China**	**Europe**	**North America**	**Oceania**	**Others**
Hotel	1,535	546	355	1,966	1,100	3
Property & others	710	102	–	–	–	–
Total	2,245	648	355	1,966	1,100	3

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

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

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

To cascade consistent message across different brands and hotels, the corporate office senior management team held multiple sessions of management colleague briefings in the hotels to explain the overall business model, operations model as well as the leadership model. This shows the ownership of our vision from the top and every manager contributes to the success of the Hotel Division.

In 2015, the Hotel Division launched a certification system "First60 Certification" globally a system to ensure the sustainability of our culture. The objective is to ensure all colleagues are well equipped with knowledge and skills right at the beginning of the first 60 days of the employment. The programme covers the Hotel Division's vision, mission, commitment, objectives and values; brand knowledge, team building and also the Standard and Operations Procedures of each individual role. Within the system, colleagues attend a 5-module customer service series named "Passion". "Passion" covers topics across the brands, genuine service and service recovery skill. There are also specific modules, focus at training, colleagues' service skills that delivering the respective brand's value proposition (Service with Poise for Langham Hotels and Resort, Heartfelt Service for Cordis Hotels) to increase the guests' brand loyalty. The leadership module, "Service Leadership", introduces the Hotel Division's leadership model and the tools available for our leaders to ensure our service culture sustainable.

A series of colleague engagement programme is introduced, focusing on 4 key stakeholders group: Colleagues, Guest, Investor and World. In 2015, two global events were organised.

"Lovin' My League Photo Competition" (Colleague): "Fostering an engaging and respectful work environment for our colleagues to achieve their career aspirations" is the commitment to our colleagues. The theme "Sharing of favourite moments with colleagues at work" highlight the importance of team culture of the Hotel Division and it can only be created by everyone of them. The competition was well received with 255 photo entries and 765 votes from colleagues.

"Sustainable Christmas Tree Competition" (World): In each hotel, colleagues designed and created a Christmas tree made by used or waste materials collected in the hotel. The winners are voted by public through different social media channels with the aim of engaging the hotel guests about environmental protection awareness. A total of 1,126 Likes, 199 Shares, and 72 Positive Comments on Facebook and Pinterest and 2,412 votes on WeChat were received during the public voting period.

Another two colleague engagement events will be organised in 2016 with the focuses on Investor and Guest.

Our Hotel Division is continued to be acknowledged as "Manpower Developer 1st." in the Manpower Developer Scheme by the Employee Retraining Board from 2010 to 2016. Three hotels in Hong Kong are awarded by The Hong Kong Joint Council for People with Disabilities as 18 Districts Caring Employer 2015 and participated to the Talent-Wise Employment Charter and Inclusive Organisations Recognition Scheme by Labour and Welfare Bureau. The Langham, Hong Kong received the Silver Award at the "Excellence in HR Strategic Plan" of HR Innovation Award 2015 by the Hong Kong Magazine.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report together with the audited consolidated financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development and investment, hotel and restaurant operations, manager of real estate investment trust, trading of building materials, share investment, provision of management and maintenance services, property management and asset management.

The Group's operations are mainly located in Hong Kong, the United States, Canada, the United Kingdom, Australia, New Zealand and the PRC. An analysis of the Group's segment results for the year ended 31 December 2015 is set out in note 8 to the consolidated financial statements of this Annual Report.

Particulars of the Company's principal subsidiaries and interests in associates as at 31 December 2015 are set out in notes 46 and 19 to the consolidated financial statements of this Annual Report.

BUSINESS REVIEW

A detailed review on the Group's business performance during the reporting period, as well as the principal risks and uncertainties, and future prospects of the Group are set out in the Chairman's Statement on pages 12 to 23 of this Annual Report, the discussions thereof form part of this Directors' Report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated income statement.

The Directors have recommended the payment of a final dividend of HK47 cents per share and a special final dividend of HK$2.00 per share to the Shareholders whose names appear on the Register of Members of the Company on Friday, 20 May 2016. Subject to the approval of the Shareholders at the forthcoming Annual General Meeting, the payment of the final dividend will be made on 22 June 2016. Taken together with the interim dividend of HK27 cents per share paid in October 2015, the total dividend for the year 2015 is HK$2.74 per share.

MOVEMENTS IN RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 49 to the consolidated financial statements.

FIVE YEARS' FINANCIAL SUMMARY

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

FIXED ASSETS

Movements in the property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

INVESTMENT PROPERTIES

Movements in the investment properties of the Group during the year are set out in note 17 to the consolidated financial statements. All of the Group's investment properties were revalued by independent professional property valuers as at 31 December 2015 using the income capitalisation method and the market rentals are also assessed by reference to the rentals achieved in other similar properties in the neighbourhood.

Details of the major properties of the Group as at 31 December 2015 are set out in Appendix I to this Annual Report.

ISSUE OF NEW SHARES

During the year, 8,135,066 shares were issued by the Company pursuant to the scrip dividend arrangement in respect of the 2014 final dividend and 783,000 shares were issued pursuant to the 2009 Share Option Scheme. As at 31 December 2015, the authorised capital of the Company was HK$400,000,000.00 divided into 800,000,000 shares of HK$0.50 each, 664,725,017 shares of which were issued and credited as fully paid. Details of the movements of the share options during the year are disclosed hereinbelow. Changes in the share capital of the Company during the year are set out in note 37 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S SECURITIES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

DIRECTORS

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

Executive Directors

Dr. LO Ka Shui *(Chairman and Managing Director)*	
Mr. LO Kai Shui *(Deputy Managing Director)*	
Mr. LO Hong Sui, Antony	
Madam LAW Wai Duen	
Mr. LO Chun Him, Alexander	(appointed on 2 December 2015)
Mr. KAN Tak Kwong *(General Manager)*	
Mr. CHU Shik Pui	(appointed on 2 December 2015)

Non-executive Directors

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

Independent Non-executive Directors

Mr. CHENG Hoi Chuen, Vincent	
Professor WONG Yue Chim, Richard	
Mrs. LEE Pui Ling, Angelina	
Mr. ZHU Qi	
Mr. LEE Siu Kwong, Ambrose	(appointed on 28 January 2016)

In accordance with Bye-law 100 of the Company's Bye-laws, the newly appointed Directors, Mr. Lo Chun Him, Alexander and Mr. Chu Shik Pui and the newly appointed Independent Non-executive Directors, Mr. Lee Siu Kwong, Ambrose and Professor Poon Ka Yeung (has been appointed with effect from 18 March 2016), shall retire and, being eligible, have offered themselves for re-election at the 2016 Annual General Meeting of the Company.

In accordance with Bye-law 109(A) of the Company's Bye-laws, Mr. Lo Hong Sui, Vincent, Dr. Lo Ying Sui, Madam Law Wai Duen and Mrs. Lee Pui Ling, Angelina, shall retire by rotation and, being eligible, have offered themselves for re-election at the 2016 Annual General Meeting of the Company.

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

The biographical details of the Directors and the Senior Management of the Company are set out on pages 47 to 54 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' EMOLUMENTS

Details of Directors' emoluments are set out in note 13 to the consolidated financial statements.

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

As at 31 December 2015, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, are as follows:

1. Long positions in shares and underlying shares of the Company

	Number of Ordinary Shares/Underlying Shares						
Name of Director	Personal interests	Family interests	Corporate interests	Trust interests	Number of outstanding share options	Total	Percentage of issued share capital[8]
Lo Ka Shui	59,387,328[1]	–	14,562,976[2]	306,154,404[3]	2,543,000	382,647,708	57.56
Lo Kai Shui	447,138	–	473,110[4]	222,946,147[5]	500,000	224,366,395	33.75
Lo To Lee Kwan	1,052,443	–	4,832,166[6]	222,946,147[5]	–	228,830,756	34.42
Cheng Hoi Chuen, Vincent	–	10,000	–	–	–	10,000	0.00
Wong Yue Chim, Richard	10,000	–	–	–	–	10,000	0.00
Lo Hong Sui, Antony	344,409	–	–	222,946,147[5]	525,000	223,815,556	33.67
Law Wai Duen	1,299,716	–	–	222,946,147[5]	500,000	224,745,863	33.81
Lo Hong Sui, Vincent	293	–	–	222,946,147[5]	–	222,946,440	33.54
Lo Ying Sui	1,500,000	–	35,628,206[7]	222,946,147[5]	–	260,074,353	39.13
Lo Chun Him, Alexander	–	–	–	–	75,000	75,000	0.01
Kan Tak Kwong	1,539,655	–	–	–	1,510,000	3,049,655	0.46
Chu Shik Pui	–	–	–	–	490,000	490,000	0.07

Notes:

(1) Among these 59,387,328 shares, 2,844,880 shares were derivative interests held by Dr. Lo Ka Shui.

(2) These interests were held by certain companies wholly-owned by Dr. Lo Ka Shui who is also a director of these companies.

(3) These 306,154,404 shares comprise:

(i) 222,946,147 shares owned by a discretionary trust of which Dr. Lo Ka Shui, Mr. Lo Kai Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui are among the discretionary beneficiaries; and

(ii) 83,208,257 shares owned by another discretionary trust of which Dr. Lo Ka Shui is the founder.

(4) These 473,110 shares comprise 363,325 shares held by certain companies wholly-owned by Mr. Lo Kai Shui and 109,785 shares held by a company controlled by him. Mr. Lo Kai Shui is also a director of these companies.

(5) These shares are the same parcel of shares referred to in Note (3)(i) above.

(6) These 4,832,166 shares were held by two companies wholly-owned by Madam Lo To Lee Kwan. Madam Lo To Lee Kwan and Dr. Lo Ka Shui are directors of these companies, and Mr. Lo Kai Shui and Madam Law Wai Duen are directors of one of these companies.

(7) These 35,628,206 shares were held by a company wholly-owned by Dr. Lo Ying Sui who is also a director of this company.

(8) This percentage has been compiled based on 664,725,017 shares of the Company in issue as at 31 December 2015.

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

Champion Real Estate Investment Trust ("Champion REIT")

Champion REIT (Stock Code: 2778), a Hong Kong collective investment scheme authorised under section 104 of SFO, is accounted for as a subsidiary of the Company. As at 31 December 2015, the Group owned 62.72% interests in Champion REIT. While the definition of "associated corporation" under the SFO caters only to corporations, for the purpose of enhancing the transparency, the interests of the Directors or chief executives of the Company in Champion REIT as at 31 December 2015 are disclosed as follows:

	Number of Units						
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Number of Underlying Units	Total	Percentage of issued units [3]
Lo Ka Shui	–	–	3,620,961,532[1]	9,377,000[2]	–	3,630,338,532	62,90
Lo Ying Sui	239,000	–	–	–	–	239,000	0.00
Chu Shik Pui	8,000	–	–	–	–	8,000	0.00

Notes:

(1) These 3,620,961,532 units comprise the following:

(i) 3,620,132,532 units were indirectly held by the Company; and

(ii) 829,000 units were held by two companies wholly-owned by Dr. Lo Ka Shui who is also a director of these companies.

(2) These interests were held by a charitable trust. Dr. Lo is the settlor and a member of the Advisory Committee and Management Committee of the trust.

(3) This percentage has been compiled based on 5,771,681,761 units of Champion REIT in issue as at 31 December 2015.

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

LHI (Stock Code: 1270), the share stapled units (the "SSUs") of which are listed on the Stock Exchange. As at 31 December 2015, the Group owned 60.70% interests in LHI and is therefore a subsidiary of the Company. The holdings of the Directors or chief executives of the Company in LHI as at 31 December 2015 are disclosed as follows:

	Number of SSUs						
Name of Director	Personal interests	Family interests	Corporate interests	Other interests	Number of Underlying SSUs	Total	Percentage of issued SSUs[4]
Lo Ka Shui	8,073,500	–	1,241,052,437[1]	40,047,500[2]	–	1,289,173,437	63.10
Lo To Lee Kwan	–	–	306,177[3]	–	–	306,177	0.01
Wong Yue Chim, Richard	150,000	–	–	–	–	150,000	0.01
Law Wai Duen	280,000	–	–	–	–	280,000	0.01
Lo Ying Sui	320,000	–	–	–	–	320,000	0.02

Notes:

(1) These 1,241,052,437 SSUs comprise the following:

(i) 1,240,052,437 SSUs were indirectly held by the Company; and

(ii) 1,000,000 SSUs were held by a company wholly-owned by Dr. Lo Ka Shui who is also a director of this company.

(2) These SSUs were held by a charitable trust. Dr. Lo is the settlor and a member of the Advisory Committee and Management Committee of the trust.

(3) These SSUs were held by two companies wholly-owned by Madam Lo To Lee Kwan. Madam Lo To Lee Kwan and Dr. Lo Ka Shui are directors of these companies, and Mr. Lo Kai Shui and Madam Law Wai Duen are directors of one of these companies.

(4) This percentage has been compiled based on 2,042,905,937 share stapled units of LHI in issue as at 31 December 2015.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executives of the Company were taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTEREST IN COMPETING BUSINESSES

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

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

- Chairman of Shui On Land Limited ("SOL"), the Shui On Group's flagship property development company in the Chinese Mainland. SOL through its subsidiaries and associates is one of the leading property developers in the PRC. It principally engages in the development, sale, leasing, management and long-term ownership of high-quality residential, office, retail, entertainment and cultural properties in the PRC.

- Chairman of China Xintiandi Limited ("CXTD"), a separately managed and wholly owned subsidiary of SOL. CXTD focuses principally on owning, managing, designing, leasing, marketing and enhancing premium retail, office and entertainment properties in affluent urban areas in the Chinese Mainland, including Shanghai, Chongqing, Wuhan and Foshan.

- Chairman of SOCAM Development Limited ("SOCAM"), through its subsidiaries, principally engages in property development and investment, asset management, construction and investment in cement operations in Hong Kong, Macau, and the Chinese Mainland.

(b) Mr. Lo Kai Shui is the Chairman of Sun Fook Kong Group Limited ("SFK Group") and also the ultimate controlling shareholder of SFK Group and its subsidiaries (including SFK Construction Holdings Limited) ("SFK Group Companies"). The principal activities of SFK Group Companies are, among others, building construction, civil engineering, real estate and property development in Mainland China.

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

DISCLOSURE OF CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS PURSUANT TO CHAPTER 14A OF THE LISTING RULES

The connected transactions and continuing connected transactions which require disclosures in this report are set out as follows. Save as disclosed hereinbelow, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

1. Connected Transaction in relation to the Sub-Contract Works for a Fit-Out Project in Macau

On 13 June 2013, Toptech (Macau) Limited ("Toptech"), an indirect non-wholly owned subsidiary of the Company, accepted the engagement by Pat Davie (Macau) Limited ("Pat Davie") an indirect non-wholly owned subsidiary of SOCAM, as a sub-contractor to carry out the supply and installation of raised floor system and ancillary services for the upper ground floor gaming fit-out works for an integrated resort complex known as "Studio City" at Cotai, Macau (the "Fit-out Project") as specified in the letter of acceptance (the "Letter of Acceptance") issued by Pat Davie on 13 June 2013 and acknowledged by Toptech on the same date in respect of the engagement of Toptech to carry out the sub-contract works (the "Sub-contract Works") for a sub-contract sum of approximately MOP15 million (equivalent to approximately HK$14.44 million), subject to adjustment pursuant to the Letter of Acceptance.

Mr. Lo Hong Sui, Vincent, a Non-executive Director of the Company, is the chairman of SOCAM and together with his associates are entitled to control the exercise of more than 30% of the voting power at general meetings of SOCAM as at the date of the transaction. Accordingly, Pat Davie, being an indirect non-wholly owned subsidiary of SOCAM, was a connected person of the Company and hence the transaction contemplated under the Letter of Acceptance constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Letter of Acceptance was more than 0.1% but less than 5%, the transaction contemplated under the Letter of Acceptance was subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. An announcement in relation to this transaction was made by the Company on 13 June 2013. The Sub-contract Works were substantially completed in 2015 and HK$12.69 million was booked as revenue in the accounts of Toptech in the financial year 2015.

2. Connected Transaction in relation to the Acquisition of a Hotel Development Project in Minhang District, Shanghai, the PRC

As disclosed, among others, in the announcement of the Company dated 27 August 2014 and in its circular dated 26 September 2014, Wisdom Joy Investments Limited ("Wisdom Joy"), an indirect wholly-owned subsidiary of the Company, entered into a framework deed with Shine First Limited ("Shine First") for the acquisition of The HUB Hotel located at Building #4, D17 Block, Land Plot 06, Phase I of Hongqiao Commercial Core Zone, Minhang District, Shanghai, PRC (together with the land use rights underlying such assets at a consideration of RMB965,000,000 (the "Asset Acquisition"). RMB 96,500,000 had been paid by the Group on 27 August 2014 as deposit, which was returned to the Group upon initial payment of RMB772,000,000 by the Group during the year ended 31 December 2015. The balance of RMB193,000,000 will be settled within 15 days upon the satisfaction of the following conditions set out in the framework deed:

(i) the physical delivery of the target asset has taken place;
(ii) the contemplated sale and purchase agreements have been signed;
(iii) the delivery certificate has been signed; and
(iv) the Group has received all application documents for the purpose of registering its title of the target asset.

Mr. Vincent Lo is a non-executive Director and by virtue of being a discretionary beneficiary of a trust which holds more than 30% of the issued share capital of the Company, he is an associate of the controlling Shareholder of the Company. Shine First is an indirect wholly-owned subsidiary of Shui On Land Limited ("SOL"). Mr. Vincent Lo, the chairman and an executive director of SOL, and his associates are together entitled to control the exercise of more than 30% of the voting power at general meetings of SOL. As such, the Asset Acquisition constituted a connected transaction for the Company under the Listing Rules.

As one or more of the applicable percentage ratios as defined under the Listing Rules in respect of the Asset Acquisition and another acquisition in aggregate is/are more than 5%, the acquisitions were subject to the reporting, announcement, annual review and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. At the special general meeting of the Company held on 31 October 2014, the acquisitions were approved by the independent Shareholders.

3. Continuing Connected Transactions in relation to the Tenancies of Suites 3201-2 and 3206-10 on the 32nd Floor of Great Eagle Centre

On 21 September 2015, Moon Yik Company, Limited, an indirect wholly-owned subsidiary of the Company, and Sun Fook Kong Construction Management Limited ("SFK Management") entered into a Tenancy Agreement (the "Renewed Tenancy Agreement") in respect of the renewal of tenancies of Suites 3201-2 and 3206-10, 32nd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong (the "Premises") for a term of three years commencing from 1 April 2016 and expiring on 31 March 2019. The then existing tenancies of the Premises were covered under the Tenancy Agreement entered into between the same parties on 20 December 2012 (the "2012 Tenancy Agreement", together with the Renewed Tenancy Agreement, the "SFK Tenancy Agreements").

As disclosed in the announcement of the Company dated 20 December 2012, the annual caps of the 2012 Tenancy Agreement for the year ended 31 March 2015 was HK$8,945,000 and for the year ending 31 March 2016 was HK$9,139,000.

Furthermore, the Parties also had entered into a Carpark Licence Agreement on 21 May 2015 and the transactions thereof fell below the de minimis threshold stipulated under Rule 14A.76(1) of the Listing Rules.

Mr. Lo Kai Shui, the Deputy Managing Director of the Company, through his 30%-controlled companies, is entitled to control the exercise of more than 70% of the voting power at general meetings of SFK Management. Accordingly, SFK Management constitutes an associate of a connected person of the Company and transactions entered into between the Group and SFK Management constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the Renewed Tenancy Agreement and the Carpark Licence Agreement were entered into within a 12-month period, the transactions contemplated under the Renewed Tenancy Agreement would be aggregated with the transactions under the Carpark Licence Agreement pursuant to Rule 14A.81 of the Listing Rules.

As one of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules calculated with reference to the Annual Caps for the Renewed Tenancy Agreement and the Carpark Licence Agreement on aggregation basis was more than 0.1% but less than 5%, the transactions contemplated thereunder were only subject to the reporting, announcement and annual review requirements and exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Announcements regarding the 2012 Tenancy Agreement and Renewed Tenancy Agreement were made by the Company on 20 December 2012 and 21 September 2015 respectively.

Period	Annual Cap
For the year ending 31 March 2017	HK$9,507,000
For the year ending 31 March 2018	HK$9,765,000
For the year ending 31 March 2019	HK$10,065,000

4. Continuing Connected Transactions in relation to the New Cleaning Services Contracts with Sun Fook Kong Housing Services Limited ("SFK Services")

The Group had entered into Supplemental Agreements of the 2013 Cleaning Services Contracts (the "Supplemental Agreements") with SFK Services to extend the term of certain cleaning services to the Group by SFK Services under the Great Eagle Centre Cleaning Contract, the Common Areas Cleaning Contract, the Public Carpark Cleaning Contract and the High Block Langham Place Cleaning Contract (the "2013 Cleaning Services Contracts") for four more months to 30 April 2015 with increased monthly basic fees.

On 17 April 2015, the same parties into new services agreements under the New Great Eagle Centre Cleaning Contract, the New Great Eagle Centre Development Common Areas Cleaning Contract, the New Eagle Harbour Public Car Parks Cleaning Contract, the New High Block of Langham Place Cleaning Contract and the Langham Place Retail Tower, Carpark and Other Portions Cleaning Contract for a term of two years commencing from 1 May 2015 and expiring on 30 April 2017 (the "New Cleaning Services Contracts", together with the Supplemental Agreements, collectively the "SFK Cleaning Services Contracts").

Mr. Lo Kai Shui, the Deputy Managing Director of the Company, through his 30%-controlled companies, is entitled to control the exercise of more than 30% of the voting power at general meeting of SFK Construction which in turn indirectly holds the entire issued share capital of SFK Services. Accordingly, SFK Services constitutes an associate of a connected person of the Company and transactions entered into between the Group and SFK Services constituted connected transactions of the Company.

Given that the New Cleaning Services Contracts and the Supplemental Agreements between the Company and SFK Services had been entered into within a 12-month period, the continuing connected transactions contemplated under the New Cleaning Services Contracts would be aggregated with the continuing connected transactions under the Supplemental Agreements pursuant to Rule 14A.81 of the Listing Rules.

As the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules, calculated with reference to the maximum aggregate annual amount of the continuing connected transactions contemplated under the SFK Cleaning Services Contracts, were more than 0.1% but less than 5%, the continuing connected transactions contemplated under the SFK Cleaning Services Contracts were only subject to the reporting, announcement and annual review requirements, and exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. Announcements regarding the New Cleaning Services Contracts and the 2013 Cleaning Services Contracts were made by the Company on 17 April 2015 and 27 February 2013 respectively.

None of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules, calculated with reference to the maximum aggregate amount of the transactions contemplated under the Supplemental Agreements exceeded 0.1%, the transactions contemplated thereunder fell below the de minimis threshold stipulated under Rule 14A.76(1) of the Listing Rule.

Period	Annual Cap
For the year ended 31 December 2015	HK$32,940,000
For the year ending 31 December 2016	HK$41,995,000
For the period from 1 January 2017 to 30 April 2017	HK$13,999,000

Review of Continuing Connected Transactions

The amount of continuing connected transactions for the agreements/contracts as mentioned in paragraphs 3 and 4 above for the year ended 31 December 2015 are as follows:

	2015 HK$'000
Under the SFK Tenancy Agreements in paragraph 3 above	7,896
Under the New Cleaning Services Contracts in paragraph 4 above	30,346

The Company's auditor was engaged to report on the Group's above continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In accordance with Rule 14A.55 of the Listing Rules, the Directors (including the Independent Non-executive Directors) of the Company have reviewed the above continuing connected transactions for the year ended 31 December 2015 and confirmed they have been entered into:

(1) in the ordinary and usual course of business of the Company;

(2) on normal commercial terms; and

(3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

SHARE OPTION SCHEMES

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

Further details of the 2009 Share Option Scheme are set out in note 38 to the consolidated financial statements.

1. Movements of the Share Options granted to Employees (including Directors)

During the year ended 31 December 2015, the details of the movements in the share options granted to the Company's employees (including Directors) under the 2009 Share Option Scheme are as follows:

	Number of Share Options						
Date of grant	Outstanding as at 01/01/2015	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31/12/2015	Exercise Period	Exercise price per share (HK$)
04/03/2010[(1)]	763,000	–	(611,000)	(152,000)	–	05/03/2012-04/03/2015	22.80
07/03/2011[(1)]	1,478,000	–	(34,000)	(167,000)	1,277,000	08/03/2013-07/03/2016	26.18
08/03/2012[(1)]	2,407,000	–	(138,000)	(130,000)	2,139,000	09/03/2014-08/03/2017	23.20
06/06/2013[(1)]	3,016,000	–	–	(239,000)	2,777,000	07/06/2015-06/06/2018	31.45
27/02/2014[(1)]	3,465,000	–	–	(302,000)	3,163,000	28/02/2016-27/02/2019	26.05
17/03/2014[(1)]	300,000	–	–	–	300,000	18/03/2016-17/03/2019	27.55
11/03/2015[(1)]	–	4,042,000 [(2)]	–	(212,000)	3,830,000	12/03/2017-11/03/2020	26.88
10/04/2015[(1)]	–	100,000 [(2)]	–	(100,000)	–	11/04/2017-10/04/2020	28.25
Total	**11,429,000**	**4,142,000**	**(783,000)**	**(1,302,000)**	**13,486,000**		

Notes:

(1) Share options were granted under the 2009 Share Option Scheme.

(2) During the year ended 31 December 2015, 1,265,000 and 2,877,000 share options were granted to the Directors and employees of the Group respectively.

(3) During the year ended 31 December 2015, no share option was cancelled.

(4) Consideration paid for each grant of share options was HK$1.00.

(5) The vesting period for the share options granted is 24 months from the date of grant.

(6) The closing price of the shares of the Company immediately before the date of grant of 11 March 2015, i.e. 10 March 2015 was HK$26.60.

(7) The closing price of the shares of the Company immediately before the date of grant of 10 April 2015, i.e. 9 April 2015 was HK$28.10.

2. Movements of the Share Options granted to Directors

During the year ended 31 December 2015, the details of the movements in the share options granted to Directors of the Company (some are also substantial Shareholders) under the 2009 Share Option Scheme as required to be disclosed according to Rule 17.07 of the Listing Rules are as follows:

		Number of Share Options						
	Date of grant	Outstanding as at 01/01/2015	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31/12/2015	Exercise price per share (HK$)	Weighted average closing price immediately before the date of exercise (HK$)
Lo Ka Shui	08/03/2012[1]	628,000	–	–	–	628,000	23.20	N/A
	06/06/2013[1]	630,000	–	–	–	630,000	31.45	N/A
	27/02/2014[1]	630,000[7]	–	–	–	630,000	26.05	N/A
	11/03/2015[1]	–	655,000	–	–	655,000	26.88	N/A
		1,888,000	655,000	–	–	2,543,000		
Lo Kai Shui	04/03/2010[1]	100,000	–	(100,000)	–	–	22.80	27.01
	07/03/2011[1]	100,000	–	–	–	100,000	26.18	N/A
	08/03/2012[1]	100,000	–	–	–	100,000	23.20	N/A
	06/06/2013[1]	100,000	–	–	–	100,000	31.45	N/A
	27/02/2014[1]	100,000	–	–	–	100,000	26.05	N/A
	11/03/2015[1]	–	100,000	–	–	100,000	26.88	N/A
		500,000	100,000	(100,000)	–	500,000		
Lo Hong Sui, Antony	04/03/2010[1]	150,000	–	(150,000)	–	–	22.80	27.01
	07/03/2011[1]	125,000	–	–	–	125,000	26.18	N/A
	08/03/2012[1]	100,000	–	–	–	100,000	23.20	N/A
	06/06/2013[1]	100,000	–	–	–	100,000	31.45	N/A
	27/02/2014[1]	100,000	–	–	–	100,000	26.05	N/A
	11/03/2015[1]	–	100,000	–	–	100,000	26.88	N/A
		575,000	100,000	(150,000)	–	525,000		
Law Wai Duen	07/03/2011[1]	100,000	–	–	–	100,000	26.18	N/A
	08/03/2012[1]	100,000	–	–	–	100,000	23.20	N/A
	06/06/2013[1]	100,000	–	–	–	100,000	31.45	N/A
	27/02/2014[1]	100,000	–	–	–	100,000	26.05	N/A
	11/03/2015[1]	–	100,000	–	–	100,000	26.88	N/A
		400,000	100,000	–	–	500,000		

REPORT OF THE DIRECTORS

	Date of grant	Number of Share Options: Outstanding as at 01/01/2015	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31/12/2015	Exercise price per share (HK$)	Weighted average closing price immediately before the date of exercise (HK$)
Lo Chun Him, Alexander	06/06/2013[1]	5,000	–	–	–	5,000	31.45	N/A
	27/02/2014[1]	20,000	–	–	–	20,000	26.05	N/A
	11/03/2015[1]	–	50,000	–	–	50,000	26.88	N/A
		25,000	50,000	–	–	75,000		
Kan Tak Kwong	04/03/2010[1]	200,000	–	(200,000)	–	–	22.80	27.01
	07/03/2011[1]	300,000	–	–	–	300,000	26.18	N/A
	08/03/2012[1]	300,000	–	–	–	300,000	23.20	N/A
	06/06/2013[1]	300,000	–	–	–	300,000	31.45	N/A
	27/02/2014[1]	300.000	–	–	–	300,000	26.05	N/A
	11/03/2015[1]	–	310,000	–	–	310,000	26.88	N/A
		1,400,000	310,000	(200,000)	–	1,510,000		
Chu Shik Pui	07/03/2011[1]	90,000	–	–	–	90,000	26.18	N/A
	08/03/2012[1]	90,000	–	–	–	90,000	23.20	N/A
	06/06/2013[1]	90,000	–	–	–	90,000	31.45	N/A
	27/02/2014[1]	100,000	–	–	–	100,000	26.05	N/A
	11/03/2015[1]	–	120,000	–	–	120,000	26.88	N/A
		370,000	120,000	–	–	490,000		
Employees (other than Directors of the Company)	04/03/2010[1]	313,000	–	(161,000)	(152,000)	–	22.80	27.01
	07/03/2011[1]	763,000	–	(34,000)	(167,000)	562,000	26.18	27.01
	08/03/2012[1]	1,089,000	–	(138,000)	(130,000)	821,000	23.20	27.01
	06/06/2013[1]	1,691,000	–	–	(239,000)	1,452,000	31.45	N/A
	27/02/2014[1]	2,115,000	–	–	(302,000)	1,813,000	26.05	N/A
	17/03/2014[1]	300,000	–	–	–	300,000	27.55	N/A
	11/03/2015[1]	–	2,607,000	–	(212,000)	2,395,000	26.88	N/A
	10/04/2015[1]	–	100,000	–	(100,000)	–	28.25	N/A
		6,271,000	2,707,000	(333,000)	(1,302,000)	7,343,000		

Notes:

(1) Share options were granted under the 2009 Share Option Scheme.
Share options granted on 04/03/2010 are exercisable during the period from 05/03/2012 to 04/03/2015.
Share options granted on 07/03/2011 are exercisable during the period from 08/03/2013 to 07/03/2016.
Share options granted on 08/03/2012 are exercisable during the period from 09/03/2014 to 08/03/2017.
Share options granted on 06/06/2013 are exercisable during the period from 07/06/2015 to 06/06/2018.
Share options granted on 27/02/2014 are exercisable during the period from 28/02/2016 to 27/02/2019.
Share options granted on 17/03/2014 are exercisable during the period from 18/03/2016 to 17/03/2019.
Share options granted on 11/03/2015 are exercisable during the period from 12/03/2017 to 11/03/2020.
Share options granted on 10/04/2015 are exercisable during the period from 11/04/2017 to 10/04/2020.

(2) During the year ended 31 December 2015, no share option was cancelled.

(3) Consideration paid for each grant of share options was HK$1.00.

(4) The vesting period for the share options granted is 24 months from the date of grant.

(5) The closing price of the shares of the Company immediately before the date of grant of 11 March 2015, i.e. 10 March 2015 was HK$26.60.

(6) The closing price of the shares of the Company immediately before the date of grant of 10 April 2015, i.e. 9 April 2015 was HK$28.10.

(7) Due to the postponement of the 2013 Annual Grant of Options, the number of shares to be issued upon exercise of the options granted to Dr. Lo Ka Shui under the 2013 Annual Grant of Options and the 2014 Annual Grant of Options during the past 12-month period representing in aggregate over 0.1% of the issued share capital of the Company and having an aggregate market value in excess of HK$5 million. Pursuant to Rule 17.04 of the Listing Rules, the grant of options to Dr. Lo Ka Shui under the 2014 Annual Grant of Options was approved by independent Shareholders at the 2014 annual general meeting of the Company held on 30 April 2014.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2015, the interests and short positions of persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO as having an interest in 5% or more of the issued share capital of the Company are as follows:

Long positions in shares of the Company

Name of Shareholders	Number of shares	Percentage of issued share capital[7]
HSBC International Trustee Limited	309,381,592[1]	46.54
Powermax Agents Limited[2]	165,372,764	24.88
Surewit Finance Limited[3]	49,694,695	7.48
Adscan Holdings Limited[4]	35,628,206	5.36
Green Jacket Limited[5]	33,513,562	5.04
Southeastern Asset Management, Inc.[6]	33,239,869	5.00

Notes:

(1) The number of shares disclosed was based on the latest Disclosure of Interest Form with the date of relevant event as 4 January 2016 received from HSBC International Trustee Limited ("HITL"). According to the latest disclosures made by the Directors of the Company, as at 31 December 2015:

(i) 222,946,147 shares representing 33.54% of the issued share capital of the Company were held in the name of HITL as a trustee of a discretionary trust, of which Dr. Lo Ka Shui, Mr. Lo Kai Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, are among the discretionary beneficiaries.

(ii) 83,208,257 shares representing 12.52% of the issued share capital of the Company were held in the name of HITL as a trustee of another discretionary trust, of which Dr. Lo Ka Shui is the founder.

(2) Powermax Agents Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 165,372,764 shares held by it were among the shares referred to in Note (1)(i) above.

(3) Surewit Finance Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 49,694,695 shares held by it were among the shares referred to in Note (1)(ii) above. Dr. Lo Ka Shui is the sole director of this company.

(4) Adscan Holdings Limited is a company wholly-owned by Dr. Lo Ying Sui, who is also a director of this company.

(5) Green Jacket Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 33,513,562 shares held by it were among the shares referred to in Note (1)(ii) above. Dr. Lo Ka Shui is the sole director of this company.

(6) The number of shares disclosed was based on the latest Disclosure of Interest Form with the date of relevant event as 2 December 2015 received from Southeastern Asset Management, Inc.

(7) This percentage has been compiled based on 664,725,017 shares of the Company in issue as at 31 December 2015.

Save as disclosed above, as at 31 December 2015, no person (other than the Directors or chief executives of the Company whose interests in shares, underlying shares and debentures of the Company are set out on pages 82 to 84) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save and except the 2009 Share Option Scheme established by the Company as disclosed under section headed "Share Option Schemes" on pages 91 to 94 of this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the sales and purchases attributable to the Group's five largest customers and suppliers were less than 30% of the Group's total sales and purchases respectively.

DONATIONS

The Group's charitable and other donations during the year amounted to HK$1,193,161 (2014: HK$577,639).

AUDITOR

The consolidated financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu and a resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company will be proposed at the forthcoming Annual General Meeting to be held on Tuesday, 10 May 2016.

SUFFICIENCY OF PUBLIC FLOAT

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

CORPORATE GOVERNANCE

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

Detailed information on the Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 55 to 78 of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

Our commitment to CSR stems from a core belief that our business will prosper as the community and environment around us flourish. A full report on CSR is set out on pages 26 to 46 of this Annual Report.

On behalf of the Board
LO Ka Shui
Chairman and Managing Director

Hong Kong, 1 March 2016

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF GREAT EAGLE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Great Eagle Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 99 to 212, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
1 March 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue	7	**8,270,902**	8,127,367
Cost of goods and services		**(4,809,646)**	(4,639,010)
Operating profit before depreciation		**3,461,256**	3,488,357
Depreciation		**(606,464)**	(487,763)
Operating profit		**2,854,792**	3,000,594
Other income	9	**433,949**	539,581
Fair value changes on investment properties	17	**3,011,940**	1,204,935
Reversal of impairment loss in respect of a hotel property	16	**284,370**	–
Fair value changes on derivative financial instruments		**1,767**	(297)
Fair value changes on financial assets at fair value through profit or loss		**(45,041)**	2,332
Impairment loss on available-for-sale investments	23	**(45,824)**	–
Administrative and other expenses		**(512,816)**	(571,484)
Finance costs	10	**(686,545)**	(623,404)
Share of results of associates		**(3,442)**	(9,739)
Share of results of a joint venture		**(19,925)**	(36,374)
Profit before tax		**5,273,225**	3,506,144
Income taxes	11	**(539,172)**	(496,305)
Profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	12	**4,734,053**	3,009,839
Profit for the year attributable to:			
Owners of the Company		**3,312,335**	2,115,101
Non-controlling interests		**174,432**	153,920
		3,486,767	2,269,021
Non-controlling unitholders of Champion REIT		**1,247,286**	740,818
		4,734,053	3,009,839
Earnings per share:	15		
Basic		**HK$4.98**	HK$3.23
Diluted		**HK$4.98**	HK$3.22

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	**4,734,053**	3,009,839
Other comprehensive income (expense):		
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investments	**18,361**	81,892
Reclassification adjustment on impairment of available-for-sale investments	**45,824**	–
Reclassification adjustment upon disposal of available-for-sale investments	**(76,539)**	(133,794)
Exchange differences arising on translation of foreign operations	**(412,945)**	(211,197)
Share of other comprehensive income of associates	**5,981**	7,598
Share of other comprehensive expense of a joint venture	**(26,116)**	(14,778)
Cash flow hedges:		
Fair value adjustment on cross currency swaps designated as cash flow hedge	**(70,701)**	48,888
Reclassification of fair value adjustments to profit or loss	**(842)**	(4,214)
Other comprehensive expense for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**(516,977)**	(225,605)
Total comprehensive income for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**4,217,076**	2,784,234
Total comprehensive income for the year attributable to:		
Owners of the Company	**2,822,126**	1,871,772
Non-controlling interests	**174,333**	153,928
	2,996,459	2,025,700
Non-controlling unitholders of Champion REIT	**1,220,617**	758,534
	4,217,076	2,784,234

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	16	17,155,227	15,819,104
Investment properties	17	73,975,154	69,867,294
Deposit for acquisition of property, plant and equipment	18	142,868	121,185
Interests in associates	19	69,164	90,366
Interest in a joint venture	20	533,507	579,548
Loan receivables	21	211,409	–
Notes receivable	22	253,514	50,470
Available-for-sale investments	23	1,467,334	1,607,288
Derivative financial instruments	32	–	3,974
		93,808,177	88,139,229
Current assets			
Stock of properties	24	3,151,545	2,415,529
Inventories	25	127,906	155,365
Debtors, deposits and prepayments	26	868,814	645,659
Financial assets at fair value through profit or loss	27	368,903	249,512
Notes receivable	22	20,248	124,635
Tax recoverable		11,010	17,298
Pledged bank deposits	28	620,790	862,871
Restricted cash	29	132,652	235,037
Bank balances and cash	29	6,078,152	9,100,225
		11,380,020	13,806,131
Current liabilities			
Creditors, deposits and accruals	30	3,176,466	3,112,992
Derivative financial instruments	31	121	343
Provision for taxation		137,760	139,376
Distribution payable		221,933	219,981
Borrowings due within one year	33	9,968,284	3,230,655
		13,504,564	6,703,347
Net current (liabilities) assets		(2,124,544)	7,102,784
Total assets less current liabilities		91,683,633	95,242,013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Derivative financial instruments	31, 32	**70,319**	152
Borrowings due after one year	33	**13,581,971**	21,611,553
Medium term notes	34	**3,609,826**	3,070,002
Deferred taxation	35	**1,378,399**	1,182,743
		18,640,515	25,864,450
NET ASSETS		**73,043,118**	69,377,563
Equity attributable to:			
Owners of the Company			
Share capital	37	**332,363**	327,904
Share premium and reserves		**54,000,282**	51,441,774
		54,332,645	51,769,678
Non-controlling interests		**641,548**	(138,627)
		54,974,193	51,631,051
Net assets attributable to non-controlling unitholders of Champion REIT		**18,068,925**	17,746,512
		73,043,118	69,377,563

The consolidated financial statements on pages 99 to 212 were approved and authorised for issue by the Board of Directors on 1 March 2016 and are signed on its behalf by:

Lo Ka Shui
DIRECTOR

Lo Kai Shui
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company														
	Share capital HK$'000	Share premium HK$'000	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (note a)	Exchange translation reserve HK$'000	Share option reserve HK$'000	Hedging reserve HK$'000	Other reserves HK$'000	Retained profits HK$'000	Sub-total HK$'000	Amount attributable to non-controlling unitholders of Champion REIT HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	319,638	4,214,554	90,096	23,109	3,054	400,965	113,509	39,707	(27,106)	7,297,506	37,480,993	49,956,025	17,986,810	(855,761)	67,087,074
Profit for the year	–	–	–	–	–	–	–	–	–	–	2,115,101	2,115,101	740,818	153,920	3,009,839
Change in fair value of cash flow hedges	–	–	–	–	–	–	–	–	26,958	–	–	26,958	17,716	–	44,674
Fair value gain on available-for-sale investments	–	–	81,892	–	–	–	–	–	–	–	–	81,892	–	–	81,892
Reclassification adjustment upon disposal of available-for-sale investments	–	–	(133,794)	–	–	–	–	–	–	–	–	(133,794)	–	–	(133,794)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	(211,205)	–	–	–	–	(211,205)	–	8	(211,197)
Share of other comprehensive income of associates	–	–	10	–	–	–	7,588	–	–	–	–	7,598	–	–	7,598
Share of other comprehensive expense of a joint venture	–	–	–	–	–	–	(14,778)	–	–	–	–	(14,778)	–	–	(14,778)
Total comprehensive income (expense) for the year	–	–	(51,892)	–	–	–	(218,395)	–	26,958	–	2,115,101	1,871,772	758,534	153,928	2,784,234
Transaction with non-controlling unitholders of Champion REIT:															
Distribution to non-controlling unitholders of Champion REIT	–	–	–	–	–	–	–	–	–	–	–	–	(453,847)	–	(453,847)
	–	–	–	–	–	–	–	–	–	–	–	–	(453,847)	–	(453,847)
Transaction with owners:															
Dividend paid	–	–	–	–	–	–	–	–	–	–	(772,263)	(772,263)	–	–	(772,263)
Shares issued at premium	8,266	428,515	–	–	–	–	–	(4,457)	–	–	–	432,324	–	–	432,324
Share issue expenses	–	(99)	–	–	–	–	–	–	–	–	–	(99)	–	–	(99)
Recognition of equity-settled share based payments	–	–	–	–	–	–	–	18,701	–	–	–	18,701	–	–	18,701
Increase of interests in subsidiaries (note b)	–	–	–	–	–	–	–	–	–	284,226	–	284,226	(544,985)	43,852	(216,907)
Waiver of distribution from a subsidiary (note c)	–	–	–	–	–	–	–	–	–	–	(21,008)	(21,008)	–	21,008	–
Contribution from non-controlling interests (note d)	–	–	–	–	–	–	–	–	–	–	–	–	–	780,979	780,979
Distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(282,633)	(282,633)
At 31 December 2014	327,904	4,642,970	38,204	23,109	3,054	400,965	(104,886)	53,951	(148)	7,581,732	38,802,823	51,769,678	17,746,512	(138,627)	69,377,563

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company														
	Share capital HK$'000	Share premium HK$'000	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (note a)	Exchange translation reserve HK$'000	Share option reserve HK$'000	Hedging reserve HK$'000	Other reserves HK$'000	Retained profits HK$'000	Sub-total HK$'000	Amount attributable to non-controlling unitholders of Champion REIT HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2015	327,904	4,642,970	38,204	23,109	3,054	400,965	(104,886)	53,951	(148)	7,581,732	38,802,823	51,769,678	17,746,512	(138,627)	69,377,563
Profit for the year	-	-	-	-	-	-	-	-	-	-	3,312,335	3,312,335	1,247,286	174,432	4,734,053
Change in fair value of cash flow hedges	-	-	-	-	-	-	-	-	(44,874)	-	-	(44,874)	(26,669)	-	(71,543)
Fair value gain on available-for-sale investments	-	-	18,361	-	-	-	-	-	-	-	-	18,361	-	-	18,361
Reclassification adjustment on impairment of available-for-sale investments	-	-	45,824	-	-	-	-	-	-	-	-	45,824	-	-	45,824
Reclassification adjustment upon disposal of available-for-sale investments	-	-	(76,539)	-	-	-	-	-	-	-	-	(76,539)	-	-	(76,539)
Exchange differences arising on translation of foreign operations	-	-	219	-	-	-	(413,065)	-	-	-	-	(412,846)	-	(99)	(412,945)
Share of other comprehensive income (expense) of associates	-	-	6,931	-	-	-	(950)	-	-	-	-	5,981	-	-	5,981
Share of other comprehensive expense of a joint venture	-	-	-	-	-	-	(26,116)	-	-	-	-	(26,116)	-	-	(26,116)
Total comprehensive income (expense) for the year	-	-	(5,204)	-	-	-	(440,131)	-	(44,874)	-	3,312,335	2,822,126	1,220,617	174,333	4,217,076
Transaction with non-controlling unitholders of Champion REIT: Distribution to non-controlling unitholders of Champion REIT	-	-	-	-	-	-	-	-	-	-	-	-	(432,537)	-	(432,537)
	-	-	-	-	-	-	-	-	-	-	-	-	(432,537)	-	(432,537)
Transaction with owners: Dividend paid	-	-	-	-	-	-	-	-	-	-	(488,018)	(488,018)	-	-	(488,018)
Shares issued at premium	4,459	239,954	-	-	-	-	-	(6,173)	-	-	-	238,240	-	-	238,240
Share issue expenses	-	(89)	-	-	-	-	-	-	-	-	-	(89)	-	-	(89)
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	12,943	-	-	-	12,943	-	-	12,943
Increase of interests in subsidiaries (note b)	-	-	-	-	-	-	-	-	-	53,675	-	53,675	(465,667)	93,846	(318,146)
Waiver of distribution from a subsidiary (note c)	-	-	-	-	-	-	-	-	-	-	(14,069)	(14,069)	-	14,069	-
Contribution from non-controlling interests (note d)	-	-	-	-	-	-	-	-	-	-	-	-	-	625,131	625,131
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(227,092)	(227,092)
Recognised on disposal of interests in subsidiary without losing control	-	-	-	-	-	-	-	-	-	(61,841)	-	(61,841)	-	99,888	38,047
At 31 December 2015	332,363	4,882,835	33,000	23,109	3,054	400,965	(545,017)	60,721	(45,022)	7,573,566	41,613,071	54,332,645	18,068,925	641,548	73,043,118

Notes:

(a) Contributed surplus represents the surplus arising under the Scheme of Arrangement undertaken by the Group in 1989/90. Under the Bermuda Companies Act, the contributed surplus of the Group is available for distribution to shareholders.

(b) It mainly represents the effect from the Group's increase in interests in Champion REIT and Langham upon the settlement of management fees in units and purchase of units of Champion REIT and Langham from the market by the Group.

(c) Pursuant to a distribution entitlement waiver deed, LHIL Assets Holdings Limited, a subsidiary, has agreed to waive its entitlement to receive any distributions from its 100,000,000 (2014: 150,000,000) share stapled units in Langham. During the year, distribution of HK$14,069,000 (2014: HK$21,008,000) was waived by the Group.

(d) Pursuant to a limited partnership agreement, a new entity was formed in August 2014. The Group had contributed certain investment properties and bank loan aggregately valued at HK$802,262,000 (2014: HK$747,024,000) and other investors had a capital contribution of HK$768,250,000 (2014: HK$780,979,000). Subsequent to the capital contribution from other investors in 2015, an amount of HK$143,119,000 was returned to non-controlling interests.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Operating activities		
Profit before tax	**5,273,225**	3,506,144
Adjustments for:		
Fair value changes on investment properties	**(3,011,940)**	(1,204,935)
Interest expense	**686,545**	623,404
Depreciation	**606,464**	487,763
Interest income	**(167,663)**	(278,381)
Gain on disposal of available-for-sale investments	**(76,539)**	(133,794)
Gain on disposal of listed equity securities held for trading	**(2,784)**	–
Gain on deemed disposal of an associate	**(110,322)**	(66,238)
Gain on repurchase of medium term notes	**(2,686)**	–
Impairment loss on available-for-sale investments	**45,824**	–
Income arising from historical tax credit	**(41,906)**	(58,163)
Share of results of a joint venture	**19,925**	36,374
Dividends received from listed available-for-sale investments	**(22,254)**	(34,842)
Reversal of impairment loss in respect of a hotel property	**(284,370)**	–
Loss on disposal of property, plant and equipment	**5,438**	25,303
Recognition of share-based payments	**12,943**	18,701
Share of results of associates	**3,442**	9,739
Fair value changes on financial assets at fair value through profit or loss	**45,041**	(2,332)
Fair value changes on derivative financial instruments	**(1,767)**	297
Allowance for doubtful debts	**1,157**	330
Exchange differences	**10,850**	2,960
Operating cash flows before movements in working capital	**2,988,623**	2,932,330
Increase in debtors, deposits and prepayments	**(240,068)**	(64,484)
Decrease (increase) in inventories	**27,459**	(45,514)
Increase in creditors, deposits and accruals	**114,761**	91,083
Additions of stock of properties	**(731,986)**	(2,415,529)
Proceeds on disposal of derivative financial instruments	**1,891**	1,012
Increase in equity securities held for trading	**(296,145)**	–
Cash generated from operations	**1,864,535**	498,898
Hong Kong Profits Tax paid	**(237,875)**	(205,445)
Other jurisdictions tax paid	**(42,666)**	(56,392)
Hong Kong Profits Tax refunded	**12**	533
Other jurisdictions tax refunded	**4,367**	–
Net cash from operating activities	**1,588,373**	237,594

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 HK$'000	2014 HK$'000
Investing activities			
Withdraw of time deposits with original maturity over three months		**3,471,991**	–
Proceeds on disposal of financial assets designated at fair value through profit or loss		**1,039,856**	2,475,302
Proceeds on disposal of available-for-sale investments		**663,156**	1,115,044
Decrease in pledged bank deposits		**242,081**	–
Interest received		**190,496**	317,672
Proceeds on redemption of notes receivable		**122,919**	16,258
Decrease in restricted cash		**102,385**	–
Dividends received from associates		**77,965**	21,313
Proceeds on disposal of interest in an associate		**44,044**	–
Dividends received from listed available-for-sale investments		**19,575**	33,425
Repayment from associates		**12,054**	23
Proceeds on disposal of property, plant and equipment		**1,808**	1,222
Additions of property, plant and equipment		**(1,999,334)**	(1,045,093)
Acquisitions of investment properties		**(965,000)**	–
Placement of time deposits with original maturity over three months		**(914,086)**	(3,471,991)
Additions in financial assets designated at fair value through profit or loss		**(893,083)**	(871,258)
Additions of available-for-sale investments		**(528,517)**	(1,386,014)
Additions of notes receivable		**(224,911)**	–
Increase in loan receivables		**(211,409)**	–
Additions of investment properties		**(144,823)**	(64,813)
Deposit for acquisition of property, plant and equipment		**(142,868)**	(121,185)
Placement of restricted cash		**–**	(870,227)
Acquisition of subsidiary net of cash acquired	36	**–**	(619,504)
Additions in associates		**–**	(97)
Net cash used in investing activities		**(35,701)**	(4,469,923)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Financing activities		
Repayments of bank loans	**(3,903,779)**	(7,681,386)
Interest paid	**(606,186)**	(546,942)
Distribution paid to non-controlling unitholders of Champion REIT	**(430,575)**	(483,672)
Acquisition of additional interests in subsidiaries	**(318,147)**	(216,907)
Dividends paid to shareholders	**(267,801)**	(356,984)
Distribution paid to non-controlling interests	**(227,092)**	(282,633)
Repurchase of medium term notes	**(101,701)**	–
Bank origination fees	**(23,326)**	(76,403)
New bank loans raised	**2,696,205**	8,008,536
Proceeds from issuance of a medium term note	**643,000**	–
Contribution from non-controlling interests	**625,131**	780,979
Issue of shares	**17,933**	16,946
Net cash used in financing activities	**(1,896,338)**	(838,466)
Net decrease in cash and cash equivalents	**(343,666)**	(5,070,795)
Effect of foreign exchange rates changes	**(120,502)**	(12,694)
Cash and cash equivalents at the beginning of the year	**5,628,234**	10,711,723
Cash and cash equivalents at the end of the year		
Included in bank balances and cash	**5,164,066**	5,628,234
Analysis of the bank balances and cash:		
Balance of cash and cash equivalents	**5,164,066**	5,628,234
Time deposits with original maturity over three months	**914,086**	3,471,991
	6,078,152	9,100,225

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL

The Company is a company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development and investment, hotel and restaurant operations, trading of building materials, share investment, provision of property management and maintenance services.

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

The consolidated financial statements have been prepared on a going concern basis because the Directors of the Company are of the opinion that the banking facilities are expected to be refinanced in 2016 taking into account there is strong interest from existing and new banks to provide syndicate facilities of amounts at least equal to current facilities by considering the existing banking relationship and the current fair value of the assets of the Group. An underwritten mandate letter has been signed to secure the refinancing of one of the banking facilities.

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

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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

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

The Group has not early applied the following new and revised standards and amendments that have been issued but are not yet effective.

Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying Consolidation Exception[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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

HKFRS 9 "Financial Instruments" (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedge accounting and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company anticipate that the application of HKFRS 9 may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

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

HKFRS 15 "Revenue from Contracts with Customers" (continued)

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The Directors of the Company anticipate that the application of other new and revised standards or amendments will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor Hong Kong Companies Ordinance or Listing Rules but not under the new Hong Kong Companies Ordinance or amended Listing Rules are not disclosed in these consolidated financial statements.

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

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

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

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

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred taxation assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e., the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Interests in associates and a joint venture

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates and a joint venture (continued)

The results and assets and liabilities of associates and a joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and a joint venture used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate or joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's interest in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued and any proceeds from disposing of the interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate or a joint venture of the Group, profits or losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Hotel operation income is recognised upon the provision of services and the utilisation by guests of the hotel facilities.

Building management service income is recognised when building management services are provided.

Interest income from a financial asset is recognised when it is probably that the economic benefits will flow to the Group and the income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that assets net carrying amount.

Dividend income from investments, including financial assets at fair value through profit or loss and listed available-for-sale investments, are recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Service income, including that from services provided for agency commission income, is recognised when services are provided.

Sales of goods are recognised when goods are delivered and titles have passed.

Membership fee is recognised as revenue on a straight-line basis over the membership period.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance lease or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasehold land and building (continued)

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model and those that are intended to be sold in the ordinary course of business upon completion of the relevant property development project. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Property, plant and equipment

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

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

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

When an investment property becomes an item of property, plant and equipment because its use has changed as evidenced by the commencement of owner-occupation, the property, plant and equipment would be recognised at the fair value at the date of transfer. The fair value at the date of the transfer becomes the deemed cost for subsequent measurement and disclosure purposes.

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

When building are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of building commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Investment properties

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties held for development for sale

Properties held for development for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land. Net realisable value is determined by management based on prevailing market conditions.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as income in the period in which they are earned.

In the event that lease incentives, including rent free periods, are given to enter into operating leases, such incentives are recognised as deferred rent receivables. The aggregate benefit of incentives is recognised as a reduction of rental income on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Retirement benefit costs

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are recognised as expenses when employees have rendered the service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets

The Group's financial assets are classified into one of the following categories, including held-to-maturity investments, financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale ("AFS") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the other income line item. Fair value is determined in the manner described in note 6(e).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity. The Group designated certain notes receivable as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment (see accounting policies on impairment of financial assets below).

AFS Financial assets

AFS financial assets are non-derivatives that are either designated or not are classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including notes receivable, amount due from an associate, debtors, loan receivables, pledged bank deposits, restricted cash and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments past the credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a debtor balance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS listed equity investments, impairment previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised in other comprehensive income and accumulated in the investment revaluation reserve.

Financial liabilities and equity

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

Equity instruments

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

Financial liabilities

Financial liabilities (including creditors, distribution payable, borrowings and medium term notes) are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derivative financial instruments and hedging

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

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Hedge accounting

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

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

Cash flow hedge

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Cash flow hedge (continued)

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line of the consolidated income statement as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in the hedging reserve at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to receive cash flows from the asset expire, or when it transfers the financial assets and substantially all the risks and rewards of ownership of the financial asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

Equity-settled share-based payment transactions

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

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying accounting policies

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

Held-to-maturity investments

The Directors have reviewed the Group's held-to-maturity investments in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. The aggregate carrying amount of the held-to-maturity investments was HK$223,204,000. Details of these assets are set out in note 22.

Control over Pacific Eagle (US) Real Estate Fund, L.P. and its subsidiaries (collectively referred to as "US Real Estate Fund")

On 15 August 2014, US Real Estate Fund was newly formed upon a limited partnership agreement entered by Pacific Eagle China Orient (US) Real Estate GP, LLC (as general partner and referred to as "US Fund GP") and the limited partners (the "Limited Partnership Agreement"). In the formation of the US Real Estate Fund, the Group provided capital contributions by way of transferring certain investment properties. The Group as at 31 December 2015 effectively holds 49.6% (2014: 48.9%) interests in the US Real Estate Fund. In making their judgment, the Directors considered the Group's 80% ownership of the US Fund GP and in accordance with the Limited Partnership Agreement, the US Fund GP is able to direct the relevant activities of the US Real Estate Fund. After assessment, the Directors concluded that the Group is the principal and has control over the US Real Estate Fund and is accounted for as a subsidiary of the Company in accordance with the requirements of HKFRS 10 "Consolidated Financial Statements".

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

Critical judgments in applying accounting policies (continued)

Deferred taxation on investment properties

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

Key sources of estimation uncertainty

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

Investment properties

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

In determining the fair value of investment properties situated in Hong Kong and the PRC, the valuer has used income capitalisation method which involves estimates of future cash flow determined by current leases and future leases with reference to current market conditions as of the end of the reporting period.

In determining the fair value of investment properties situated in the USA, the valuer has used discounted cash flow method which involves estimates of future cash flow supported by the terms of any existing lease and using discount rates that reflect current market assessments of the uncertainty in the amounts and timing of the cash flows.

In relying on those valuation reports, the Directors have exercised their judgments and are satisfied that the methods of valuations are reflective of the current market conditions. Note 17 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties.

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

Key sources of estimation uncertainty (continued)

Derivative financial instruments and financial assets designated at FVTPL

In addition, as described in notes 27, 31 and 32, the fair values of derivative financial instruments and financial assets designated at FVTPL that are not quoted in active markets are provided by counterparty financial institutions and determined by using certain valuation techniques. Valuation techniques commonly used by market practitioners are applied. Cross currency swaps, derivative financial instruments, equity linked notes designated at FVTPL and credit linked note designated at FVTPL are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Note 6 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of derivative financial instruments.

Where the actual future market data varies, a material adjustment on the fair values of derivative financial assets, financial assets designated at FVTPL and cross currency swaps may result. In relying on the valuation provided by counterparty financial institutions, management has exercised its judgment and is satisfied that the method of valuation is reflective of the current market conditions.

Valuation processes of fair value

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management reports the valuation report and findings to the board of Directors of the Company half yearly to explain the cause of fluctuations in the fair value of the assets and liabilities.

Estimated impairment of available-for-sale investments measured at cost

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows and any loss events at the end of the reporting period. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of future cash flows. The Directors have reviewed the financial position of the investments and estimated future cash flows and assessed that no objective impairment was identified.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which include borrowings and medium term notes disclosed in notes 33 and 34 respectively, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include AFS investments, notes receivable, loan receivables, amount due from an associate, debtors, financial assets at FVTPL, pledged bank deposits, restricted cash, bank balances and cash, creditors, derivative financial instruments, medium term notes and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

(i) Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate short term bank deposits, pledged bank deposits, restricted cash, bank and other borrowings, unsecured bonds included in notes receivable, loan receivables and medium term notes.

The Group's exposure to cash flow interest rate risk is resulted primarily from fluctuations in interest rates of Hong Kong Interbank Offered Rate ("HIBOR") and London Interbank Offered Rate ("LIBOR") arising from variable rate borrowings and medium term notes.

The Group will continue to maintain a reasonable mix of floating-rate and fixed-rate borrowings and take actions such as using interest rate swap to hedge against any foreseeable interest rate exposure, if necessary.

The interest rate and terms of the financial assets and financial liabilities are set out in respective notes.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable rate borrowings, medium term notes, and bank balances at the end of the reporting period. Management considers the impact of interest rates arising from bank balances denominated in Hong Kong dollar is insignificant and accordingly has not been included in the sensitivity analysis. The analysis is prepared assuming the amounts of liabilities outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2014: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit before tax for the year ended 31 December 2015 would decrease/increase by HK$114,906,000 (2014: HK$85,195,000).

(ii) Currency risk

The Group has certain bank deposits, medium term notes, financial assets at FVTPL, loan receivables, AFS investments and notes receivable that are denominated in foreign currencies which expose the Group to foreign currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate and where necessary, using foreign exchange derivative contracts.

The Group's medium term note of US$400,000,000 is denominated in a foreign currency (i.e. United States dollars ("US$")) and such foreign currency risk is managed by entering into cross currency swaps to hedge against its exposures to changes in foreign exchange rate on its medium term note. The cross currency swaps are designated as effective hedging instruments and hedge accounting is used (see note 32 for details). The Group reviewed the continuing effectiveness of hedging instruments at least at the end of each reporting period. The Group mainly uses regression analysis and comparison of change in fair value of the hedging instruments and the hedged items for assessing the hedge effectiveness.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(ii) Currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Renminbi ("RMB")	**225,352**	6,709,311	**–**	–
Pound Sterling	**52,178**	15,296	**–**	–
US$	**1,296,601**	1,295,490	**2,971,441**	3,077,426
Euro dollars	**124,158**	25,642	**2,037**	–
Australian dollars	**3,124**	3,967	**–**	–
New Zealand dollars	**41**	47	**–**	–
Canadian dollars	**19**	48	**–**	–

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2014: 10%) increase and decrease in the Hong Kong dollars against the relevant foreign currencies. As Hong Kong dollars are pegged to US$, no material currency risk exposure is expected on US$ denominated monetary assets and monetary liabilities and the cross currency swaps. Therefore they are excluded from the sensitivity analysis below. 10% (2014: 10%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% (2014: 10%) change in foreign currency rate. A positive number below indicates an increase in profit before tax where Hong Kong dollars weaken 10% (2014: 10%) against the relevant currency. For a 10% (2014: 10%) strengthening of Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the profit before tax for the year, and the balances below would be negative.

	2015 HK$'000	2014 HK$'000
RMB	**22,535**	670,931
Pound Sterling	**5,218**	1,530
Euro dollars	**12,212**	2,564
Australian dollars	**312**	397
New Zealand dollars	**4**	5
Canadian dollars	**2**	5

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(iii) Other price risk

The Group's listed and certain unlisted AFS equity investments, listed equity securities held for trading and equity linked notes designated as FVTPL are measured at fair value at the end of the reporting period. Therefore, the Group is exposed to equity price risk in relation to these financial assets. In order to mitigate such risk, the Group would monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

If the prices of the listed and unlisted AFS equity investments measured at fair value had been 10% (2014: 10%) higher/lower, investment revaluation reserve would increase/decrease by HK$76,548,000 (2014: HK$112,165,000) for the Group as a result of the changes in fair value of listed and unlisted AFS investments.

If the prices of the listed equity securities held for trading measured at fair value had been 10% (2014: 10%) higher/lower, fair value changes on financial assets designated at FVTPL would increase/decrease by HK$26,545,000 (2014: nil) for the Group as a result of the changes in fair value of listed equity securities held for trading.

If the share prices of the equity instruments underlying the equity linked notes had been 5% (2014: 5%) higher, it would not trigger the strike price and there would be no change in profit before tax whereas if the prices had been 5% (2014: 5%) lower, the profit before tax for the year ended 31 December 2015 would decrease by nil (2014: HK$973,000) as a result of changes in fair value of financial assets designated at FVTPL.

(b) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings, maintain sufficient availability of banking facilities and ensure compliance with loan covenants as well as by continuously monitoring forecast and actual cash flows.

The Group has cash and cash equivalents of HK$5,164,066,000 as at 31 December 2015 (2014: HK$5,628,234,000). In addition to the cash resources, the Group has available borrowing facilities of which undrawn committed facility in the form of revolving bank loans amounted to HK$350,000,000 as at 31 December 2015 (2014: HK$3,750,000,000).

The Group established a US$1 billion guaranteed medium term note programme, under which unsecured notes may be issued from time to time in various currencies and amounts with fixed or floating rates to be set upon issuance of notes and will be guaranteed. The Group issued aggregate principal amounts of approximately HK$3,743,000,000 as at 31 December 2015 (2014: HK$3,100,000,000).

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities, which has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is calculated based on interest rate at the end of the reporting period.

	Interest rate	Within 1 year HK$'000	1 to 2 years HK$'000	2 to 3 years HK$'000	3 to 4 years HK$'000	Over 4 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount as at 31 December HK$'000
2015								
Non-interest bearing	–	1,114,281	–	–	–	–	1,114,281	1,114,281
Fixed interest rate instruments	3.75% to 4.88%	488,417	112,312	112,312	112,312	3,337,153	4,162,506	3,338,696
Variable interest rate instruments	0.84% to 7.21%	9,938,559	4,886,964	3,767,496	3,987,047	1,985,002	24,565,068	23,821,385
		11,541,257	4,999,276	3,879,808	4,099,359	5,322,155	29,841,855	28,274,362
2014								
Non-interest bearing	–	1,071,059	–	–	–	–	1,071,059	1,071,059
Fixed interest rate instruments	3.75% to 6.09%	739,486	489,178	116,352	116,352	3,626,304	5,087,672	4,047,080
Variable interest rate instruments	0.84% to 7.53%	3,088,945	9,363,728	4,939,538	3,163,807	4,342,443	24,898,461	23,865,130
		4,899,490	9,852,906	5,055,890	3,280,159	7,968,747	31,057,192	28,983,269

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity Risk (continued)

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments based on their contractual maturities. For derivative financial instruments settled on a gross basis, undiscounted cash inflows (outflows) are presented. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	Within 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2015					
Derivatives gross settlement					
Currency forward contracts					
– inflow	46,107	11,320	2,342	–	59,769
– outflow	(46,228)	(11,671)	(2,489)	–	(60,388)
	(121)	(351)	(147)	–	(619)
Cross currency swaps					
– inflow	106,730	106,730	320,190	3,370,555	3,904,205
– outflow	(116,908)	(116,111)	(349,568)	(3,391,439)	(3,974,026)
	(10,178)	(9,381)	(29,378)	(20,884)	(69,821)
2014					
Derivatives gross settlement					
Currency forward contracts					
– inflow	4,049	1,720	–	–	5,769
– outflow	(4,392)	(1,872)	–	–	(6,264)
	(343)	(152)	–	–	(495)
Cross currency swaps					
– inflow	116,558	116,558	349,673	3,511,681	4,094,470
– outflow	(116,470)	(116,908)	(348,891)	(3,508,227)	(4,090,496)
	88	(350)	782	3,454	3,974

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk

The Group's credit risk is primarily attributable to financial assets at FVTPL, AFS debt investments, notes receivable, loan receivables, amount due from an associate, debtors, pledged bank deposits, restricted cash and bank balances and cash. The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2015 and 2014 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk on liquid funds, notes receivable and financial assets designated at FVTPL is limited because the counterparties are banks and financial institutions with high credit-ratings assigned by international credit-rating agencies.

The trade debtors presented in the consolidated statement of financial position are net of allowances for doubtful debts. In determining the recoverability of a trade debtor, the Group considers any change in the credit quality of the trade debtor from the date credit was initially granted up to the reporting date.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures which are carried out to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other debtors, including amount due from an associate, at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on amount due from an associate, loan receivables, notes receivable and financial assets designated at FVTPL, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

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6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables		
Trade debtors	**307,589**	316,825
Other receivables	**190,983**	40,873
Notes receivable	**50,558**	175,105
Loan receivables	**211,409**	–
Amount due from an associate	**–**	12,054
Pledged bank deposits	**620,790**	862,871
Restricted cash	**132,652**	235,037
Bank balances and cash	**6,078,152**	9,100,225
	7,592,133	10,742,990
Held-to-maturity investments		
Notes receivable	**223,204**	–
Financial assets at FVTPL		
Financial assets designated at FVTPL	**103,455**	249,512
Financial assets held for trading	**265,448**	–
	368,903	249,512
AFS financial assets		
AFS investments	**1,467,334**	1,607,288
Derivative instruments in designated hedge accounting relationship		
Derivative financial instruments	**–**	3,974
Financial liabilities		
Financial liabilities at amortised costs		
Trade creditors	**275,804**	219,163
Other payables	**616,544**	631,915
Distribution payable	**221,933**	219,981
Borrowings	**23,550,255**	24,842,208
Medium term notes	**3,609,826**	3,070,002
	28,274,362	28,983,269
Financial liability at FVTPL		
Derivative financial instruments classified as held-for-trading	**619**	495
Derivative instruments in designated hedge accounting relationship		
Derivative financial instruments	**69,821**	–

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Fair value

The fair values of financial assets and financial liabilities, including listed AFS investments, derivative financial instruments and financial assets at FVTPL are determined as detailed in note 6(f). The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

(f) Fair value measurements recognised in the consolidated statement of financial position

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
2015				
Financial assets				
Financial assets at FVTPL				
Financial assets designated at FVTPL	–	–	103,455	103,455
Listed equity securities held for trading	265,448	–	–	265,448
AFS investments				
Listed equity securities	298,958	–	–	298,958
Unlisted equity securities	466,524	–	–	466,524
Total	1,030,930	–	103,455	1,134,385
Financial liabilities				
Financial liability at FVTPL				
Derivative financial instruments classified as held-for-trading	–	619	–	619
Derivative financial assets under hedge accounting	–	69,821	–	69,821
Total	–	70,440	–	70,440

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Fair value measurements recognised in the consolidated statement of financial position (continued)

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
2014				
Financial assets				
Financial assets at FVTPL				
Financial assets designated at FVTPL	–	14,783	234,729	249,512
Derivative financial assets under hedge accounting	–	3,974	–	3,974
AFS investments				
Listed equity securities	565,184	–	–	565,184
Unlisted equity securities	556,465	–	–	556,465
Listed debt securities	73,682	–	–	73,682
Total	1,195,331	18,757	234,729	1,448,817
Financial liability				
Financial liability at FVTPL				
Derivative financial instruments classified as held-for-trading	–	495	–	495

There were no transfers between Levels 1 and 2 in the current year.

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6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Fair value measurements recognised in the consolidated statement of financial position (continued)

The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets (liabilities)	Fair value as at 31 December 2015 HK$'000	Fair value as at 31 December 2014 HK$'000	Fair value hierarchy	Valuation technique and key inputs
Listed equity securities classified as AFS investments in the consolidated statement of financial position.	**298,958**	565,184	Level 1	Quoted bid prices in an active market.
Listed debt securities classified as AFS investments in the consolidated statement of financial position.	**–**	73,682	Level 1	Quoted bid prices in an active market.
Listed equity securities held for trading in the consolidated statement of financial position.	**265,448**	–	Level 1	Quoted bid prices in an active market.
Unlisted equity securities classified as AFS investments in the consolidated statement of financial position.	**466,524**	556,465	Level 1	Broker's quote which reflects the Group's share of fair value of the underlying investments which are publicly traded equity investments.
Equity and currency linked notes classified as financial assets designated at FVTPL in the consolidated statement of financial position.	**–**	14,783	Level 2	Discounted cash flow. Future cash flows are estimated based on share price/foreign currency exchange rate (from observable share price/foreign currency exchange rate at the end of the reporting period) and contracted share price/foreign currency exchange rate, discounted at a rate that reflects the credit risk of various counterparties.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Fair value measurements recognised in the consolidated statement of financial position (continued)

Financial assets (liabilities)	Fair value as at 31 December 2015 HK$'000	Fair value as at 31 December 2014 HK$'000	Fair value hierarchy	Valuation technique and key inputs
Foreign currency derivative contracts classified as derivative financial instruments in the consolidated statement of financial position.	**(619)**	(495)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Cross currency swaps classified as derivative financial instruments in the consolidated statement of financial position.	**(69,821)**	3,974	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange and interest rates (from observable forward exchange rates and interest rates at the end of the reporting period) and contracted forward rates discounted at a rate that reflects the credit risk of various counterparties.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Fair value measurements recognised in the consolidated statement of financial position (continued)

Financial assets (liabilities)	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	2015 HK$'000	2014 HK$'000			
Equity linked notes classified as financial assets designated at FVTPL in the consolidated statement of financial position.	**103,455**	154,729	Level 3	Discounted cash flow. Future cash flows are estimated based on probability-adjusted share prices, contracted share prices and volatility discounted at a rate that reflects the credit risk of various counterparties.	Volatility of underlying share prices. (Note 1)
Credit linked notes classified as financial assets designated at FVTPL in the consolidated statement of financial position.	**–**	80,000	Level 3	Discounted cash flow. Future cash flows are estimated based on historical credit risk, discounted at a rate that reflects the credit risk of various counterparties.	Credit risk of underlying listed entity. (Note 2)

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

Note 2: The higher the credit risk, the lower the fair value of credit linked notes. A reasonably possible change in the unobservable input would result in a significantly higher or lower fair value measurement.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(g) Reconciliation of Level 3 fair value measurements of financial liabilities

	Equity/credit linked notes HK$'000
As at 1 January 2014	–
Purchases	351,790
Disposals	(116,353)
Change in fair value	(708)
As at 31 December 2014	234,729
Purchases	893,083
Disposals	(1,025,000)
Change in fair value	643
As at 31 December 2015	103,455

The above change in fair value under equity and credit linked notes is reported as "fair value changes on financial assets at FVTPL" in the consolidated income statement.

7. REVENUE

Revenue represents the aggregate of gross rental income, building management service income, income from hotel operations, proceeds from sales of building materials, dividend income from investments, property management and maintenance income, property agency commission and income from restaurant operations.

	2015 HK$'000	2014 HK$'000
Property rental income from investment properties	**2,510,014**	2,475,899
Building management service income	**250,903**	233,174
Hotel income	**5,091,259**	4,944,644
Sales of goods	**228,071**	228,838
Dividend income	**22,254**	34,842
Others	**168,401**	209,970
	8,270,902	8,127,367

8. 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 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:

Property investment	–	gross rental income and building management service income from leasing of furnished apartments and properties held for investment potential.
Hotel operation	–	hotel accommodation, food and banquet operations as well as hotel management.
Other operations	–	sales of building materials, restaurant operation, investment in securities, provision of property management, maintenance and property agency services.
Results from Champion REIT	–	based on published financial information of Champion REIT.
Results from Langham	–	based on published financial information of Langham.
US Real Estate Fund	–	based on rental income and related expenses of the properties owned by the US Real Estate Fund.

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

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. The following is the analysis of the Group's revenue and results by reportable segment for the year under review:

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8. SEGMENT INFORMATION (continued)

Segment revenue and results

2015

	Property investment HK$'000	Hotel operation HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE									
External revenue	236,430	5,091,259	418,726	5,746,415	2,272,562	5,425	246,500	–	8,270,902
Inter-segment revenue	–	67,813	349,497	417,310	16,742	676,769	–	(1,110,821)	–
Total	236,430	5,159,072	768,223	6,163,725	2,289,304	682,194	246,500	(1,110,821)	8,270,902

Inter-segment revenue are charged at mutually agreed prices and are recognised when services are provided.

	Property investment HK$'000	Hotel operation HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS									
Segment results	174,474	593,446	509,698	1,277,618	1,569,588	563,373	71,667	(20,990)	3,461,256
Depreciation				(437,253)	–	(168,391)	–	(820)	(606,464)
Operating profit after depreciation				840,365	1,569,588	394,982	71,667	(21,810)	2,854,792
Fair value changes on investment properties				331,782	2,278,528	–	404,930	(3,300)	3,011,940
Fair value changes on derivative financial instruments				1,767	–	–	–	–	1,767
Fair value changes on financial assets at FVTPL				(45,041)	–	–	–	–	(45,041)
Impairment loss on AFS investments				(45,824)	–	–	–	–	(45,824)
Reversal of impairment on a hotel property				284,370	–	–	–	–	284,370
Other income				263,600	2,686	–	–	–	266,286
Administrative and other expenses				(431,988)	(14,742)	(22,521)	(51,076)	7,511	(512,816)
Net finance costs				(27,011)	(322,837)	(122,589)	(46,445)	–	(518,882)
Share of results of associates				(3,442)	–	–	–	–	(3,442)
Share of results of a joint venture				(19,925)	–	–	–	–	(19,925)
Profit before tax				1,148,653	3,513,223	249,872	379,076	(17,599)	5,273,225
Income taxes				(238,023)	(208,210)	(57,223)	–	(35,716)	(539,172)
Profit for the year				910,630	3,305,013	192,649	379,076	(53,315)	4,734,053
Less: Profit attributable to non–controlling interests/non-controlling unitholders of Champion REIT				(5,573)	(1,247,286)	(77,756)	(191,012)	99,909	(1,421,718)
Profit attributable to owners of the Company				905,057	2,057,727	114,893	188,064	46,594	3,312,335

8. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

2014

	Property investment HK$'000	Hotel operation HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE									
External revenue	416,960	4,944,644	473,650	5,835,254	2,264,321	5,204	22,588	–	8,127,367
Inter-segment revenue	–	75,696	319,019	394,715	23,918	746,534	–	(1,165,167)	–
Total	416,960	5,020,340	792,669	6,229,969	2,288,239	751,738	22,588	(1,165,167)	8,127,367

Inter-segment revenue are charged at mutually agreed prices and are recognised when services are provided.

	Property investment HK$'000	Hotel operation HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULTS									
Segment results	262,837	514,670	505,924	1,283,431	1,584,328	624,084	4,711	(8,197)	3,488,357
Depreciation				(331,564)	–	(156,199)	–	–	(487,763)
Operating profit after depreciation				951,867	1,584,328	467,885	4,711	(8,197)	3,000,594
Fair value changes on investment properties				223,903	889,935	–	91,097	–	1,204,935
Fair value changes on derivative financial instruments				(297)	–	–	–	–	(297)
Fair value changes on financial assets at FVTPL				2,332	–	–	–	–	2,332
Other income				261,199	–	–	–	–	261,199
Administrative and other expenses				(523,318)	(16,982)	(25,100)	(9,926)	3,842	(571,484)
Net finance costs				84,552	(313,831)	(111,508)	(4,235)	–	(345,022)
Share of results of associates				(9,739)	–	–	–	–	(9,739)
Share of results of a joint venture				(36,374)	–	–	–	–	(36,374)
Profit before tax				954,125	2,143,450	331,277	81,647	(4,355)	3,506,144
Income taxes				(211,929)	(214,887)	(69,489)	–	–	(496,305)
Profit for the year				742,196	1,928,563	261,788	81,647	(4,355)	3,009,839
Less: Profit attributable to non-controlling interests/non-controlling unitholders of Champion REIT				(2,484)	(740,818)	(109,700)	(41,736)	–	(894,738)
Profit attributable to owners of the Company				739,712	1,187,745	152,088	39,911	(4,355)	2,115,101

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

31 December 2015

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

31 December 2014

	Assets HK$'000	Liabilities HK$'000	Net Assets HK$'000
Property investment (note a)	6,480,727	2,181,489	4,299,238
Hotel operation (note a)	13,006,151	5,485,441	7,520,710
Other operations (note a)	2,866,521	201,407	2,665,114
Unallocated	9,388,790	425,061	8,963,729
Great Eagle operations (note b)	31,742,189	8,293,398	23,448,791
Champion REIT (note c)	39,239,160	10,356,909	28,882,251
Langham (note c)	10,307,606	4,088,251	6,219,355
US Real Estate Fund (note d)	1,042,963	254,552	788,411

Notes:

(a) The segment assets include primarily investment properties, property, plant and equipment, deposit for acquisition of property, plant and equipment, equity securities classified as AFS investments, inventories, loan receivables, notes receivable, financial assets at FVTPL and debtors, deposits and prepayments attributable to respective operating segments. The segment liabilities include primarily creditors, deposits and accruals, provision for taxation and deferred taxation attributable to respective operating segments.

(b) In addition to the major items discussed in note (a), included in the assets and liabilities are bank deposits, pledged bank deposits and restricted cash of HK$5,106,205,000 (2014: HK$7,765,491,000) and borrowings of HK$3,585,004,000 (2014: HK$6,089,419,000), representing net cash of HK$1,521,201,000 as at 31 December 2015 (2014: HK$1,676,072,000).

(c) Assets and liabilities of Champion REIT and Langham are based on published results of Champion REIT and Langham, excluding distribution payable attributable from Champion REIT of HK$373,380,000 (2014: HK$353,633,000) at the respective interests held by Great Eagle Holdings Limited, being 62.72% and 60.70% (2014: 61.65% and 58.22%), respectively. Additionally, the assets of Langham include the hotel properties' appraised value of HK$18,381,000,000 as at 31 December 2015 (2014: HK$17,000,000,000). Such hotel properties have a carrying amount (at cost less accumulated depreciation) of HK$4,283,959,000 (2014: HK$4,190,973,000) as recognised in the Group's consolidated statement of financial position.

(d) Assets and liabilities of the US Real Estate Fund are based on results of the fund at the 49.6% (2014: 48.9%) interest held by Great Eagle Holdings Limited.

8. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are mainly located in Hong Kong, the USA, Canada, the United Kingdom, Australia, New Zealand and the PRC.

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

	Revenue from external customers		Carrying amounts of non-current assets	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Hong Kong	**4,399,155**	4,616,085	**74,199,788**	71,201,195
The USA	**1,725,714**	1,563,717	**10,382,691**	8,423,617
Canada	**437,562**	485,690	**617,168**	700,535
The United Kingdom	**535,602**	553,691	**1,811,888**	1,837,277
Australia	**467,380**	511,834	**841,211**	955,833
New Zealand	**262,677**	291,192	**345,327**	397,841
The PRC	**406,046**	85,069	**2,932,289**	2,170,076
Others	**36,766**	20,089	**19**	24
	8,270,902	8,127,367	**91,130,381**	85,686,398

Information about major customers

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

9. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Interest income on:		
Bank deposits	**126,967**	242,946
Financial assets designated at FVTPL	**25,284**	25,528
Listed debt securities	**190**	3,485
Notes receivable	**9,912**	6,422
Others	**5,310**	–
	167,663	278,381
Gain on disposal of equity securities	**79,323**	133,794
Gain on deemed disposal of an associate (notes 19 and 36)	**110,322**	66,238
Recovery of bad debts	**4,696**	–
Gain on repurchase of medium term notes	**2,686**	–
Income arising from historical tax credit	**41,906**	58,163
Late admission fee received from an investor of US Real Estate Fund	**23,114**	–
Sundry income	**4,239**	3,005
	433,949	539,581

10. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on bank borrowings	**459,760**	338,197
Interest on other loans	**14,467**	80,459
Interest on medium term notes	**122,993**	116,427
Other borrowing costs	**89,325**	88,321
	686,545	623,404

11. INCOME TAXES

	2015 HK$'000	2014 HK$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	251,487	267,231
Other jurisdictions	47,357	59,326
	298,844	326,557
(Over)underprovision in prior years:		
Hong Kong Profits Tax	(3,256)	2,294
Other jurisdictions	(10,563)	6,369
	(13,819)	8,663
	285,025	335,220
Deferred tax (note 35):		
Current year	263,693	172,715
Overprovision in prior years	(1,908)	(3,553)
Attributable to change in tax rate	(7,638)	(8,077)
	254,147	161,085
	539,172	496,305

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

11. INCOME TAXES (continued)

The tax charge for the year can be reconciled to the profit before tax per the consolidated income statement as follows:

	2015 HK$'000	2014 HK$'000
Profit before tax	**5,273,225**	3,506,144
Tax at the domestic income tax rate of 16.5% (2014: 16.5%)	**870,082**	578,514
Tax effect of expenses that are not deductible for tax purpose	**66,069**	53,519
Tax effect of income that is not taxable for tax purpose	**(545,862)**	(242,142)
(Over)underprovision in prior years	**(15,727)**	5,110
Tax effect of share of results of associates	**568**	1,607
Tax effect of share of results of a joint venture	**3,288**	6,002
Tax effect of tax losses not recognised	**43,053**	28,083
Utilisation of tax losses previously not recognised	**(5,483)**	(7,650)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**121,006**	69,186
Others	**2,178**	4,076
Tax charge for the year	**539,172**	496,305

12. PROFIT FOR THE YEAR

	2015 HK$'000	2014 HK$'000
Profit for the year has been arrived at after charging:		
Staff costs (including Directors' emoluments)	**2,126,027**	2,138,474
Share based payments (including Directors' emoluments)	**12,943**	18,701
	2,138,970	2,157,175
Depreciation	**606,464**	487,763
Auditor's remuneration	**13,671**	13,123
Trustee's remuneration	**11,232**	10,891
Allowance for doubtful debts	**–**	330
Cost of inventories recognised as an expense	**662,389**	686,536
Net exchange loss (included in administrative and other expenses)	**99,419**	156,951
Loss on disposal of property, plant and equipment (included in administrative and other expenses)	**5,438**	25,303
Operating lease payments on rented premises	**9,189**	10,083
Share of tax of associates (included in the share of results of associates)	**1,023**	2,935
and after crediting:		
Net reversal of allowance for doubtful debts	**3,539**	–
Dividend income from listed AFS investments	**22,254**	34,842
Rental income from investment properties less related outgoings of HK$439,843,000 (2014: HK$403,501,000)	**2,070,171**	2,072,398

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13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the fourteen (2014: twelve) Directors were as follows:

	2015					
	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonuses HK$'000	Share options HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Madam LO TO Lee Kwan	160	–	–	–	–	160
Dr. LO Ka Shui	160	12,074	8,282	3,389	497	24,402
Mr. LO Kai Shui	160	1,641	214	532	76	2,623
Mr. CHENG Hoi Chuen, Vincent	480	–	–	–	–	480
Professor WONG Yue Chim, Richard	440	–	–	–	–	440
Mrs. LEE Pui Ling, Angelina	440	–	–	–	–	440
Mr. ZHU Qi	330	–	–	–	–	330
Mr. LO Hong Sui, Antony	160	1,472	209	532	74	2,447
Madam LAW Wai Duen	160	589	83	532	29	1,393
Mr. LO Hong Sui, Vincent	160	–	–	–	–	160
Dr. LO Ying Sui	160	–	–	–	–	160
Mr. KAN Tak Kwong	160	5,676	1,230	1,611	284	8,961
Mr. CHU Shik Pui	13	2,592	754	545	130	4,034
Mr. LO Alexander Chun Him	13	793	200	125	40	1,171
	2,996	24,837	10,972	7,266	1,130	47,201

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

	2014					
	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonuses HK$'000	Share options HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Madam LO TO Lee Kwan	130	–	–	–	–	130
Dr. LO Ka Shui	130	11,054	7,740	3,812	464	23,200
Mr. LO Kai Shui	130	1,576	361	605	72	2,744
Mr. CHENG Hoi Chuen, Vincent	420	–	–	–	–	420
Professor WONG Yue Chim, Richard	380	–	–	–	–	380
Mrs. LEE Pui Ling, Angelina	380	–	–	–	–	380
Mr. ZHU Qi	290	–	–	–	–	290
Mr. LO Hong Sui, Antony	130	1,395	349	605	70	2,549
Madam LAW Wai Duen	130	564	141	605	28	1,468
Mr. LO Hong Sui, Vincent	130	–	–	–	–	130
Dr. LO Ying Sui	130	–	–	–	–	130
Mr. KAN Tak Kwong	130	5,380	1,345	1,815	269	8,939
	2,510	19,969	9,936	7,442	903	40,760

Details of services of Directors are disclosed in the board of directors section under the corporate governance report.

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2014: two) were Directors whose emoluments are included in the disclosures above. The emoluments of the remaining three (2014: three) individuals were as follows:

	2015 HK$'000	2014 HK$'000
Salaries and other benefits	16,731	13,124
Discretionary bonuses	1,591	2,002
Share options	1,465	965
Retirement benefits scheme contributions	830	633
	20,617	16,724

	2015 Number of employees	2014 Number of employees
Bands:		
HK$5,000,001 – HK$5,500,000	–	1
HK$5,500,001 – HK$6,000,000	1	2
HK$6,000,001 – HK$6,500,000	–	–
HK$6,500,001 – HK$7,000,000	–	–
HK$7,000,001 – HK$7,500,000	1	–
HK$7,500,001 – HK$8,000,000	1	–
	3	3

14. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Dividends paid:		
– Final dividend of HK47 cents in respect of the financial year ended 31 December 2014 (2014: HK43 cents in respect of the financial year ended 31 December 2013) per ordinary share	**308,550**	275,199
– Special final dividend of HK50 cents in respect of the financial year ended 31 December 2013 per ordinary share	**–**	320,000
	308,550	595,199
– Interim dividend of HK27 cents in respect of the financial year ended 31 December 2015 (2014: HK27 cents in respect of the financial year ended 31 December 2014) per ordinary share	**179,468**	177,064
	488,018	772,263

On 16 June 2015, a final dividend of HK47 cents per ordinary share, which included scrip dividend alternatives offered to shareholders, was paid to shareholders as the final dividend in respect of the financial year ended 31 December 2014.

On 18 June 2014, a final dividend of HK43 cents and a special dividend of HK50 cents per ordinary share, which included scrip dividend alternatives offered to shareholders, were paid to shareholders as the final dividend in respect of the financial year ended 31 December 2013.

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

	2015 HK$'000	2014 HK$'000
Dividends:		
Cash	**88,334**	179,919
Share alternative (note 40)	**220,216**	415,280
	308,550	595,199

14. DIVIDENDS (continued)

	2015 HK$'000	2014 HK$'000
Dividends proposed:		
– Proposed final dividend of HK47 cents in respect of the financial year ended 31 December 2015 (2014: HK47 cents in respect of the financial year ended 31 December 2014) per ordinary share	**312,421**	308,229
– Proposed special final dividend of HK$2 in respect of the financial year ended 31 December 2015 (2014: nil) per ordinary share	**1,329,450**	–
	1,641,871	308,229

The proposed final dividends in respect of the financial year ended 31 December 2015 is subject to approval by the shareholders in the forthcoming annual general meeting.

15. EARNINGS PER SHARE

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

	2015 HK$'000	2014 HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**3,312,335**	2,115,101

	2015	2014
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**664,529,644**	655,609,198
Effect of dilutive potential shares:		
Share options	**326,504**	565,356
Weighted average number of shares for the purpose of diluted earnings per share	**664,856,148**	656,174,554

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16. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Leasehold land HK$'000	Hotel buildings HK$'000	Hotel buildings under development HK$'000	Owner occupied properties situated in Hong Kong HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Total HK$'000
COST									
At 1 January 2014	1,690,110	2,349,418	12,499,086	–	135,114	1,737,032	3,543	129	18,414,432
Exchange adjustments	(57,459)	–	(282,424)	–	–	(85,175)	–	(1)	(425,059)
Additions	–	–	567,444	–	–	507,140	285	–	1,074,869
Acquisition through subsidiaries	–	–	1,901,860	–	–	17,907	–	–	1,919,767
Transfer from investment properties	–	–	–	–	244,900	–	–	–	244,900
Transfer in (out)	–	–	10,893	–	–	(10,893)	–	–	–
Disposals/written off	–	–	–	–	–	(64,979)	(736)	–	(65,715)
At 31 December 2014	1,632,651	2,349,418	14,696,859	–	380,014	2,101,032	3,092	128	21,163,194
Exchange adjustments	(71,834)	–	(474,056)	–	–	(103,719)	–	(3)	(649,612)
Additions	–	–	7,693	1,441,925	19,470	639,281	459	–	2,108,828
Transfer in (out)	527,462	–	(527,462)	–	–	–	–	–	–
Disposals/written off	–	–	–	–	–	(36,891)	–	(26)	(36,917)
At 31 December 2015	**2,088,279**	**2,349,418**	**13,703,034**	**1,441,925**	**399,484**	**2,599,703**	**3,551**	**99**	**22,585,493**
DEPRECIATION AND IMPAIRMENT									
At 1 January 2014	199,696	822,857	2,986,035	–	30,908	982,201	2,360	73	5,024,130
Exchange adjustments	(1,173)	–	(89,952)	–	–	(37,487)	–	(1)	(128,613)
Charge for the year	–	44,764	262,426	–	17,675	162,480	397	21	487,763
Eliminated on disposals/ written off	–	–	–	–	–	(38,454)	(736)	–	(39,190)
At 31 December 2014	198,523	867,621	3,158,509	–	48,583	1,068,740	2,021	93	5,344,090
Exchange adjustments	(3,272)	–	(137,854)	–	–	(65,117)	(2)	(2)	(206,247)
Charge for the year	–	44,764	346,668	–	17,828	196,707	479	18	606,464
Eliminated on disposals/ written off	–	–	–	–	–	(29,655)	–	(16)	(29,671)
Reversal of impairment loss	(81,045)	–	(201,938)	–	–	(1,387)	–	–	(284,370)
At 31 December 2015	**114,206**	**912,385**	**3,165,385**	**–**	**66,411**	**1,169,288**	**2,498**	**93**	**5,430,266**
CARRYING AMOUNTS									
At 31 December 2015	**1,974,073**	**1,437,033**	**10,537,649**	**1,441,925**	**333,073**	**1,430,415**	**1,053**	**6**	**17,155,227**
At 31 December 2014	1,434,128	1,481,797	11,538,350	–	331,431	1,032,292	1,071	35	15,819,104

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Included in the additions of furniture and fixtures of HK$639,281,000 (2014: HK$507,140,000) during the year are additions of hotel renovation, hotel machinery and fine art amounting to HK$387,320,000 (2014: HK$337,221,000), HK$17,401,000 (2014: HK$7,597,000) and HK$22,057,000 (2014: HK$15,943,000), respectively, of which the Directors estimate useful lives of 10 years, 25 years and 25 years, respectively.

At 31 December 2015, the leasehold land with carrying amounts of HK$1,437,033,000 (2014: HK$1,481,797,000) are situated in Hong Kong and are finance lease in nature. Freehold land is situated outside Hong Kong.

Owner occupied properties situated in Hong Kong are land and buildings that are finance lease in nature. During the year ended 31 December 2014, investment properties with fair value of HK$244,900,000 at the date of transfer were transferred to property, plant and equipment due to change in use from earning rental from outsiders to owner occupation.

At 31 December 2015, the Directors conducted an impairment assessment on hotel properties, a reversal of impairment loss in the amount of HK$284,370,000 (2014: nil) was made for a hotel property located in the USA. The recoverable amounts of the hotel properties located in the USA at 31 December 2015 were determined higher than their carrying amounts and the carrying amount was increased to an amount not exceeding the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. The recoverable amount of the hotel properties (comprising freehold land and hotel buildings) were determined by value in use which were estimated using the future cash flows expected to arise and suitable discount rate of 9.75% in order to calculate the present values.

17. INVESTMENT PROPERTIES

	2015 HK$'000	2014 HK$'000
FAIR VALUE		
At 1 January	**69,867,294**	68,586,519
Exchange adjustments	**(13,903)**	1,075
Acquisitions of investment properties through subsidiaries	**–**	254,852
Acquisitions of investment properties	**965,000**	–
Additions	**144,823**	64,813
Transfer to property, plant and equipment	**–**	(244,900)
Increase in fair value recognised in the consolidated income statement	**3,011,940**	1,204,935
At 31 December	**73,975,154**	69,867,294

17. INVESTMENT PROPERTIES (continued)

(a) The Group's property interests situated in Hong Kong of HK$69,460,000,000 (2014: HK$66,564,020,000) and in the PRC of HK$245,128,000 (2014: HK$254,852,000) which are held under leasehold interests to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

(b) In October 2015, the Group completed the acquisition of an investment property located in Seattle, the USA for a consideration of US$124,500,000 (equivalent to approximately HK$964,875,000).

(c) Included in the fair value of investment properties as at 31 December 2015 is HK$73,875,654,000 (2014: HK$69,867,294,000) which is categorised as Level 3 fair value hierarchy with movement as follows:

	2015 HK$'000	2014 HK$'000
FAIR VALUE		
At 1 January	69,867,294	68,491,799
Exchange adjustments	(13,903)	1,075
Acquisitions of investment properties	965,000	254,852
Additions	144,823	64,813
Transfer to property, plant and equipment	–	(244,900)
Transfers (out of) into Level 3 due to change in valuation methodology	(94,920)	94,720
Increase in fair value recognised in the consolidated income statement	3,007,360	1,204,935
At 31 December	73,875,654	69,867,294

17. INVESTMENT PROPERTIES (continued)

(d) The carrying amount of investment properties includes land and buildings situated in Hong Kong and outside Hong Kong as follows:

	2015 **HK$'000**	2014 HK$'000
Leases in Hong Kong	**69,460,000**	66,564,020
Leases outside Hong Kong	**245,128**	254,852
Freehold land outside Hong Kong	**4,270,026**	3,048,422
	73,975,154	69,867,294

(e) The fair value of the Group's investment properties at 31 December 2015 and 2014 has been arrived at on a basis of valuation carried out by independent professional property valuers not connected with the Group:

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

Investment properties in the PRC – Knight Frank Petty Limited

Investment properties in the USA – Cushman & Wakefield Western, Inc.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

17. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2015						
Commercial property in Wan Chai, Hong Kong	3,661,500	Level 3	Net income method The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 3.90% for office and 4.75% for retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Commercial properties in Central, Hong Kong	37,587,000	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 3.30% for office and 4.25% for retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Office and mall properties in Mongkok, Hong Kong	27,196,000	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 4.00% for both the office and retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)

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17. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2015 (continued)						
Furnished Apartments in Hong Kong	916,000	Level 3	Net income method The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 3.50% to 4.00%.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (i)
Commercial properties in Shanghai, the PRC	245,128	Level 3	Net income method The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 7.50% for the retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property	The higher the market rent, the higher the fair value.	Note (ii)
Apartments in Hong Kong	99,500	Level 2	Direct comparison method based on market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject property.	N/A	N/A	

17. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2015 (continued)						
Commercial properties in West Coast of the USA	4,270,026	Level 3	Yield capitalisation method – income capitalisation approach The key inputs are: (i) discount rate; (ii) terminal capitalisation rate; and (iii) annual income	Discount rate, taking into account the internal rate of return, 6.75% to 8.00%.	The higher the discount rate, the lower the fair value.	Note (ii)
				Termination capitalisation rate, taking into account net realisable value at the end of the holding period, of 5.75% to 7.25%.	The higher the termination capitalisation rate, the lower the fair value.	Note (i)
				Annual income, taking into account projected net operating income and capital expenditures.	The higher the annual income, the higher the fair value.	Note (i)
As at 31 December 2014						
Commercial property in Wan Chai, Hong Kong	3,161,100	Level 3	Net income method The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 4.30% for office and 4.75% for retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)

17. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2014 (continued)						
Commercial properties in Central, Hong Kong	36,332,000	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 3.30% for office and 4.25% for retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Office and mall properties in Mongkok, Hong Kong	26,106,000	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 4.00% for both the office and retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Furnished Apartments in Hong Kong	870,000	Level 3	Net income method The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 3.50% to 4.00%.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (i)

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17. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2014 (continued)						
Commercial properties in Shanghai, the PRC	254,852	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, prevailing market condition, of 7.50% for the retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Apartments in Hong Kong	94,920	Level 3	Net income method The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 2.75%.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Commercial properties in West Coast of the USA	3,048,422	Level 3	Yield capitalisation method – income capitalisation approach	Discount rate, taking into account the internal rate of return, 6.50% to 9.25%.	The higher the discount rate, the lower the fair value.	Note (ii)
			The key inputs are: (i) discount rate; (ii) terminal capitalisation rate; and (iii) annual income	Termination capitalisation rate, taking into account net realisable value at the end of the holding period, of 5.50% to 8.00%.	The higher the termination capitalisation rate, the lower the fair value.	Note (ii)
				Annual income, taking into account projected net operating income and capital expenditures.	The higher the annual income, the higher the fair value.	Note (i)

Notes:

(i) A significant change in the unobservable inputs would result in a significant higher or lower fair value measurement.

(ii) There is no indication that any slight change in the unobservable input would result in a significant higher or lower fair value measurement.

18. DEPOSIT FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

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

At 31 December 2014, purchase deposit of RMB96,500,000 (equivalent to approximately HK$121,185,000) was paid for the acquisition of a hotel development project in Minhang District, Shanghai, the PRC.

19. INTERESTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
Cost of investment in associates:		
Unlisted associates in Hong Kong (note a)	**109**	109
Listed associates in Hong Kong (note b)	**–**	2,596
Share of post-acquisition profit and other comprehensive income, net of dividend received (note c)	**69,055**	75,607
	69,164	78,312
Amount due from an associate (note d)	**–**	12,054
	69,164	90,366
Fair value of listed associates, based on market share price	**N/A**	102,611

Notes:

(a) In July 2014, the Group simultaneously entered into a shareholder's agreement, memorandum of the agreement and subscription agreement in respect of the purchase of 12,500 shares of Class B of Redwood Peak Partners, an exempted company incorporated in Cayman Islands, for a total consideration of US$12,500 (equivalent to approximately HK$97,000) from a close family member of a Director of the Company.

(b) In December 2015, the Group fully disposed of its shares in Cinderella Media Group Limited at the offer price of HK$2.038 per offer share under a mandatory unconditional cash offer. An amount of HK$110,322,000 is recognised in profit and loss for the period.

(c) During the year ended 31 December 2014, an associate had distributed dividend in the form of investment shares which were held by the associate. The Group recognised such shares amounting to HK$29,776,000 as an AFS investment.

(d) Amount due from an associate was unsecured, interest-free and had no fixed repayment terms. During the year, the associate fully settled the outstanding amount. The associate was not expected to repay within twelve months from the end of the reporting period and the balances was classified as non-current at the end of 31 December 2014.

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

19. INTERESTS IN ASSOCIATES (continued)

At 31 December 2014, fair values of listed associates are determined on the number of shares held by the Group and by reference to the closing prices of an active market.

Particulars regarding the associates are set out in note 47.

At 31 December 2015, the Group's investment in associates are not material to the Group.

The summarised financial information in respect of the Group's material associates at 31 December 2014 are set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

	2014 HK$'000
Cinderella Media Group Limited	
Current assets	226,020
Non-current assets	40,061
Current liabilities	(83,300)
Non-current liabilities	(3,255)
Revenue	476,149
Profit for the year	
– attributable to owners	78,913
– attributable to non-controlling interests	15,722
	94,635
Other comprehensive expense for the year	
– attributable to owners	(2,150)
– attributable to non-controlling interests	(91)
	(2,241)
Dividends received from the associate during the year	45,731

19. INTERESTS IN ASSOCIATES (continued)

Reconciliation of the above summarised financial information to the carrying amounts of the interest in the associate recognised in the consolidated financial statements:

	2014 HK$'000
Net assets of Cinderella Media Group Limited attributable to owners	179,526
Proportion of the Group's ownership interest in Cinderella Media Group Limited	18.75%
Group's share of net assets in Cinderella Media Group Limited	33,661
Others	(8,770)
Carrying amount of the Group's interest in Cinderella Media Group Limited	24,891

Aggregate information of associates that are not individually material:

	2015 HK$'000	2014 HK$'000
The Group's share of profit for the year	**788**	354
The Group's share of other comprehensive income	**6,931**	8,001
The Group's share of total comprehensive income	**7,719**	8,355
Dividends received from associates during the year	**76,666**	5,358
Aggregate carrying amount of the Group's interests in these associates	**69,164**	65,475

20. INTEREST IN A JOINT VENTURE

	2015 HK$'000	2014 HK$'000
Cost of investment in a joint venture	**632,612**	632,612
Share of post-acquisition results and other comprehensive income	**(99,105)**	(53,064)
	533,507	579,548

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

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

The Group's interest in the joint venture amounting to HK$533,507,000 as at 31 December 2015 (2014: HK$579,548,000) are accounted for using the equity method in these consolidated financial statements.

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

Particulars regarding the joint venture are set out in note 48.

20. INTEREST IN A JOINT VENTURE (continued)

The summarised financial information in respect of the Group's interest in the joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

Wealth Joy Holdings Limited

	2015 HK$'000	2014 HK$'000
Current assets	**2,973,820**	2,637,741
Non-current assets	**5,228**	6,848
Current liabilities	**(845,410)**	(525,161)
Non-current liability	**(1,066,624)**	(960,331)
The above amounts of assets and liabilities include the following: Cash and cash equivalents	**251,395**	148,182
Current financial liabilities (excluding trade and other payables and provisions)	**(589,278)**	(308,796)
Non-current financial liabilities (excluding trade and other payables and provisions)	**(1,066,624)**	(960,331)
Income recognised in profit or loss	**2,223**	529
Expenses recognised in profit or loss	**(42,073)**	(73,276)
Other comprehensive expense for the year	**(52,232)**	(29,556)
The above loss for the year includes the following: Depreciation and amortisation	**(2,204)**	(2,934)
Interest income	**622**	296
Interest expense	**–**	–
Income tax expense	**–**	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2015 HK$'000	2014 HK$'000
Net assets of Wealth Joy	**1,067,014**	1,159,097
Proportion of the Group's ownership interest in Wealth Joy	**50%**	50%
Carrying amount of the Group's interest in Wealth Joy	**533,507**	579,548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

21. LOAN RECEIVABLES

Loan receivables represented the following:

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

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

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

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

22. NOTES RECEIVABLE

	2015 **HK$'000**	2014 HK$'000
Unsecured bonds	**273,762**	156,353
Medium term notes	**–**	18,752
	273,762	175,105
Less: Amounts due within one year shown under current assets	**(20,248)**	(124,635)
Amounts due after one year	**253,514**	50,470

At 31 December 2015, the Group held unsecured bonds with principal amounts of HK$273,762,000 (2014: unsecured bonds HK$156,353,000 and medium term notes HK$18,752,000) issued by reputable financial institutions. The Group designated unsecured bonds amounting to HK$223,204,000 as held-to-maturity investments.

22. NOTES RECEIVABLE (continued)

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

(i) carrying amount of HK$253,514,000 (2014: HK$29,529,000) is denominated in US$ with nominal values ranging from US$1,000,000 to US$7,640,000 (2014: US$1,000,000 to US$2,000,000), bears interest at fixed interest rates ranging from 2.63% to 5.875% (2014: 2.63% to 3.25%) per annum and has maturity dates ranging from January 2018 to May 2024 (2014: January 2018 to April 2018); and

(ii) carrying amount of HK$20,248,000 (2014: HK$126,824,000) is denominated in RMB with nominal values ranging from RMB2,000,000 to RMB10,000,000 (2014: RMB2,000,000 to RMB10,000,000), bears interests at fixed interest rate of 3% (2014: variable interest rate of 3-months Shanghai Interbank Offered Rate less 0.6% or fixed interest rates ranging from 2.25% to 8.50%) per annum and has maturity date of June 2016 (2014: January 2015 to June 2016).

At 31 December 2014, the medium term notes issued by reputable financial institution were denominated in RMB with an aggregate nominal value of RMB15,000,000. The medium term notes bore interest at 3.25% per annum and matured in June 2015.

23. AVAILABLE-FOR-SALE INVESTMENTS

AFS investments comprise:

	2015 HK$'000	2014 HK$'000
Listed equity securities in Hong Kong	**234,543**	464,654
Listed equity securities outside Hong Kong	**64,415**	100,530
Listed debt securities outside Hong Kong	**–**	73,682
Unlisted equity securities in Hong Kong	**7,997**	246
Unlisted equity securities outside Hong Kong	**1,160,379**	968,176
	1,467,334	1,607,288
Market value of listed securities	**298,958**	638,866

At the end of the reporting period, the Group's listed equity securities were individually determined to be impaired on the basis of significant or prolonged decline in their fair value below cost. Impairment loss of HK$45,824,000 is recognised in profit or loss for the year. All the listed equity and debt securities are stated at fair values which have been determined by reference to closing prices quoted in the active markets.

23. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Unlisted investments represent unlisted equity investments and club debentures. An aggregate amount of unlisted equity securities of HK$466,524,000 (2014: HK$556,465,000) are measured at fair values. The remaining amount of unlisted equity securities and club debentures of HK$701,852,000 (2014: HK$411,957,000) are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so widespread that the Directors are of the opinion that their fair values cannot be measured reliably.

Included in unlisted equity investments, which is carried at cost less impairment, is the Group's investment in an investor of China Orient Great Eagle (PRC) Real Estate Investment Opportunity Fund L.P. ("China Fund LP"), namely China Orient Great Eagle (PRC) Real Estate Investment Opportunity Fund Limited Partner, an exempted company incorporated with limited liability in the Cayman Islands. At 31 December 2015, the Group had invested HK$418,300,000 (2014: HK$155,096,000), which represents 40% equity interests in China Fund LP. China Fund LP is not regarded as an associate of the Group because the Group is unable to exercise significant influence under arrangements with other investors.

24. STOCK OF PROPERTIES

	2015 HK$'000	2014 HK$'000
Properties held for development for sale	**2,669,027**	2,415,529
Properties for sale	**482,518**	–
	3,151,545	2,415,529

During the year, the Group acquired a site in Pine Street, San Francisco, the USA with a consideration of US$21,000,000 (equivalent to approximately HK$162,771,000). The site will be used for development of residential properties for sale.

The Group during the year ended 31 December 2014 acquired a residential site in Pak Shek Kok, Tai Po at the land premium of HK$2,412,000,000. The site will be used for the development of luxury residential properties for sale.

During the year, the Group acquired an apartment building in Malibu, Los Angeles, the USA with a consideration of US$62,000,000 (equivalent to approximately HK$480,522,000). The apartments will be converted into condominiums for sales.

The properties held for development for sale with carrying amount of HK$2,489,272,000 are expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

25. INVENTORIES

	2015 HK$'000	2014 HK$'000
Completed properties held for sale	**42**	42
Raw materials	**13,081**	9,919
Trading goods	**2,228**	2,361
Provisions and beverages	**45,660**	56,628
Work-in-progress	**66,895**	86,415
	127,906	155,365

26. DEBTORS, DEPOSITS AND PREPAYMENTS

	2015 HK$'000	2014 HK$'000
Trade debtors, net of allowance for doubtful debts	**307,589**	316,825
Deferred rent receivables	**150,139**	121,326
Other receivables	**190,983**	40,873
Deposits and prepayments	**220,103**	166,635
	868,814	645,659

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

Deposits and prepayments mainly consist of prepaid expenses for hotel operations (2014: deposits paid to contractors for hotels renovation and prepaid expenses for hotel operations).

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

	2015 HK$'000	2014 HK$'000
0 – 3 months	**174,990**	210,340
3 – 6 months	**20,219**	15,482
Over 6 months	**112,380**	91,003
	307,589	316,825

Trade debtors as at 31 December 2015 and 2014 which are neither overdue nor impaired are in good quality. Included in the Group's trade debtors balance are debtors with a carrying amount of HK$132,599,000 (2014: HK$106,485,000) which are past due at the reporting date for which the Group has not provided any allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

26. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

Aging of trade debtors balance past due but not impaired

	2015 HK$'000	2014 HK$'000
3 – 6 months	20,219	15,482
Over 6 months	112,380	91,003
Total	132,599	106,485

Movement in the allowance for doubtful debts

	2015 HK$'000	2014 HK$'000
At 1 January	22,328	21,998
Amounts recovered	(4,696)	–
Increase in allowance recognised in profit or loss	1,157	330
At 31 December	18,789	22,328

The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HK$'000	2014 HK$'000
Equity linked notes designated at FVTPL	103,455	169,512
Credit linked note designated at FVTPL	–	80,000
Listed equity securities held for trading	265,448	–
	368,903	249,512

27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

(i) US$ equity linked notes with nominal values of US$1,000,000 (2014: US$500,000 to US$2,000,000) have maturity period of 12 months (2014: five months to twelve months). Redemption amount and interest rates vary depending on various conditioning terms and different strike prices.

(ii) HK$ equity linked notes with nominal values ranging from HK$5,000,000 to HK$10,000,000 (2014: HK$5,000,000 to HK$15,000,000) have maturity period of three months (2014: three months to six months). Redemption amount and interest rates vary depending on various conditioning terms and different strike prices.

At 31 December 2014, the Group also entered into a credit linked note with nominal value of HK$80,000,000. The credit linked note bore interest at 3-months HIBOR plus 3.50% and matured in April 2015.

28. PLEDGED BANK DEPOSITS

Pledged bank deposits represented the following:

(i) Deposit of HK$620,790,000 (2014: RMB deposit with equivalent amount of HK$847,357,000) was pledged as security for short-term loan facilities; and

(ii) An amount equivalent to nil (2014: HK$15,514,000) was placed as security deposit for acquisition of a development project in San Francisco, the USA.

29. RESTRICTED CASH, BANK BALANCES AND CASH

Restricted cash

Restricted cash represented an amount equivalent to HK$132,652,000 (2014: HK$235,037,000) was placed in designated bank account pursuant to applicable loan facilities requirements.

Bank balances and cash

Included in bank balances and cash as at 31 December 2015, were HK$914,086,000 (2014: HK$3,471,991,000) of time deposits with original maturity over three months. The remaining bank deposits were with original maturity of three months or less. The time deposits carry interest at market rates which range from 0.001% to 9.20% (2014: 0.01% to 5.04%) per annum.

30. CREDITORS, DEPOSITS AND ACCRUALS

	2015 **HK$'000**	2014 HK$'000
Trade creditors	**275,804**	219,163
Deposits received	**851,666**	803,544
Construction fee payable and retention money payable	**33,938**	41,606
Accruals, interest payable and other payables	**2,015,058**	2,048,679
	3,176,466	3,112,992

Included in accruals and other payables is accrual of stamp duty of HK$963,475,000 (2014: HK$963,475,000) which is based on the current applicable stamp duty rate of 4.25% (2014: 4.25%) and the stated consideration of HK$22,670,000,000 in the property sale and purchase agreements for the legal assignment of the investment properties which Champion REIT acquired the property interests in Citibank Plaza upon listing.

Apart from the above, accruals and other payables mainly consist of accrued operating expenses for the hotels (2014: accrued renovation and operating expenses for the hotels).

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

	2015 **HK$'000**	2014 HK$'000
0 – 3 months	**229,449**	165,268
3 – 6 months	**13,856**	24,682
Over 6 months	**32,499**	29,213
	275,804	219,163

31. DERIVATIVE FINANCIAL INSTRUMENTS

	2015 HK$'000	2014 HK$'000
Foreign currency derivative contracts – liabilities	**(619)**	(495)
Less: Amounts due within one year shown under current liabilities	**121**	343
Amounts due after one year	**(498)**	(152)

The Group used foreign currency derivative contracts to manage its exposure to foreign exchange rate movements on its operations in Hong Kong.

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

32. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING

	2015 HK$'000	2014 HK$'000
Non-current asset		
Cash flow hedge – cross currency swaps	**–**	3,974
Non-current liability		
Cash flow hedge – cross currency swaps	**69,821**	–

The Group entered cross currency swaps with The Hongkong and Shanghai Banking Corporation Limited to minimise the exposure to fluctuations in foreign currency and interest rate of the medium term note as described in note 34, which is denominated in US$, in respect of the principal and fixed rate interest payments.

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

32. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING (continued)

Major terms of the cross currency swaps are set out below:

Notional amount	Maturity	Exchange rate	Interest rate	Interest period	Total hedged item
US$200,000,000	17 January 2023	HK$7.7598: US$1	3.75%	Semi-annually	Medium term note principal and coupon payments
US$100,000,000	17 January 2023	HK$7.76: US$1	3.75%	Semi-annually	Medium term note principal and coupon payments
US$50,000,000	17 January 2023	HK$7.7613: US$1	3.75%	Semi-annually	Medium term note principal and coupon payments
US$50,000,000	17 January 2023	HK$7.7541: US$1	3.75%	Quarterly	Medium term note principal and coupon payments

The fair value of the above derivatives is based on the valuation provided by the counterparty financial institution and measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

During the year, the loss on changes in fair value of the cross currency swaps under cash flow hedge amounting to HK$70,701,000 (2014: gain on changes of HK$48,888,000) has been recognised in other comprehensive income of which the fair value of the hedging instruments amounting to HK$842,000 (2014: HK$4,214,000) were reclassified from hedging reserve to profit or loss in the same period when the hedged item affects profit or loss and upon the settlement of coupon payment.

33. BORROWINGS

	2015 HK$'000	2014 HK$'000
Bank loans and revolving loans (secured)	**23,277,164**	22,557,422
Other non-current loans (secured)	**372,548**	2,440,346
	23,649,712	24,997,768
Loan front-end fee	**(99,457)**	(155,560)
	23,550,255	24,842,208

33. BORROWINGS (continued)

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

	2015 HK$'000	2014 HK$'000
Within one year	**9,968,284**	3,230,655
More than one year but not exceeding two years	**4,709,096**	9,454,544
More than two years but not exceeding five years	**8,648,212**	11,757,813
More than five years	**224,663**	399,196
	23,550,255	24,842,208
Less: Amounts due within one year shown under current liabilities	**(9,968,284)**	(3,230,655)
Amounts due after one year	**13,581,971**	21,611,553

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates are as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**371,870**	604,930
More than one year but not exceeding two years	**–**	372,148
	371,870	977,078

The exposure of the Group's floating-rate borrowings and the contractual maturity dates are as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**9,596,414**	2,625,725
More than one year but not exceeding two years	**4,709,096**	9,082,396
More than two years but not exceeding three years	**3,643,194**	4,781,367
More than three years but not exceeding four years	**3,918,041**	3,073,332
More than four years but not exceeding five years	**1,086,977**	3,903,114
More than five years	**224,663**	399,196
	23,178,385	23,865,130

33. BORROWINGS (continued)

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

	2015	2014
Effective interest rate:		
Fixed-rate borrowings	**3.84% to 4.88%**	3.84% to 6.09%
Variable-rate borrowings	**0.84% to 7.21%**	0.84% to 7.53%

34. MEDIUM TERM NOTES

	2015 **HK$'000**	2014 HK$'000
Medium term notes	**3,637,986**	3,102,720
Origination fees	**(28,160)**	(32,718)
	3,609,826	3,070,002

On 6 December 2012, the Group established a US$1 billion guaranteed medium term notes programme (the "MTN Programme"), under which unsecured notes may be issued from time to time in various currencies and amounts with fixed or floating rates to be set upon issuance of notes and will be guaranteed by HSBC Institutional Trust Services (Asia) Limited, the trustee of Champion REIT, in its capacity as trustee. On 17 January 2013, the Group issued US$400,000,000 10-year unsecured notes at a fixed rate of 3.75% per annum under the MTN Programme (the "USD MTN"). The USD MTN is repayable in full on 17 January 2023. The foreign currency rate and interest rate are hedged by the use of cross currency swaps.

On 26 March 2015, the Group issued HK$643,000,000 7-year unsecured notes at a floating rate of 3-month HIBOR plus 1.275% per annum under the MTN Programme. The issued medium term note is repayment in full on 26 March 2022.

During the year, an aggregate principal amount of US$13,600,000 of the USD MTN was repurchased at a total consideration of HK$101,701,000 and a gain on repurchase of medium term notes amounting to HK$2,686,000 has been recognised in profit or loss. As at 31 December 2015, the outstanding principal amount of the USD MTN was US$386,400,000 (2014: US$400,000,000).

35. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting years:

	Investment properties and property, plant and equipment HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014	1,205,237	(270,405)	18,235	953,067
Exchange differences	(14,729)	768	6	(13,955)
Acquisition through subsidiaries	82,546	–	–	82,546
Charge to profit or loss for the year	136,683	21,036	11,443	169,162
Effect of change in tax rate	(8,077)	–	–	(8,077)
At 31 December 2014	1,401,660	(248,601)	29,684	1,182,743
Exchange differences	(21,345)	922	(21)	(20,444)
Charge (credit) to profit or loss for the year	314,332	(51,390)	(1,157)	261,785
Others	(38,047)	–	–	(38,047)
Effect of change in tax rate	(7,638)	–	–	(7,638)
At 31 December 2015	**1,648,962**	**(299,069)**	**28,506**	**1,378,399**

For the purposes of presentation in the consolidated statement of financial position, deferred tax assets and liabilities have been offset and shown under non-current liabilities. Others amounting to HK$38,047,000 results from the disposal of interests in subsidiary without losing control.

At the end of the reporting period, the Group has unutilised tax losses of HK$2,802,862,000 (2014: HK$2,712,283,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$822,050,000 (2014: HK$831,166,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$1,980,812,000 (2014: HK$1,881,117,000) due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary difference of HK$336,782,000 (2014: HK$626,434,000) arising from impairment losses recognised in respect of hotel properties. A deferred tax asset has been recognised in respect of HK$336,782,000 (2014: HK$626,434,000) of such deductible temporary difference.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries operating in the USA, Australia and Canada for which deferred tax liabilities have not been recognised was HK$1,460,000,000 (2014: HK$1,322,000,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

36. ACQUISITION OF BUSINESSES

In July 2014, the Group acquired the business of hotel operations in respect of a hotel located in Washington D.C., the USA with a cash consideration of US$71,625,000.

	Hotel in Washington HK$'000
Purchase consideration	555,580
Acquiree's fair value of hotel property	(555,580)
	–

In December 2014, the Group entered into a sale and purchase agreement with China Xintiandi Investment Company Limited, a wholly owned subsidiary of Shui On Land Limited, to acquire the shares of Magic Garden Investments Limited ("MGIL") for a consideration of HK$626,540,000. Such acquisition of shares of MGIL represented the acquisition of the remaining two-thirds of the entire share capital of MGIL, resulting in the Group holding 100% equity interests in MGIL.

The net assets acquired at the date of acquisition of MGIL have been finalised in April 2015 as follows:

	Carrying amounts HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired:			
Investment properties	254,852	–	254,852
Property, plant and equipment	1,596,587	323,180	1,919,767
Inventories	3,361	–	3,361
Debtors, deposits and prepayments	16,553	–	16,553
Restricted bank deposits	214,633	–	214,633
Bank balances	7,036	–	7,036
Borrowings	(1,270,707)	–	(1,270,707)
Creditors, deposits and accruals	(121,754)	–	(121,754)
Deferred taxation	(1,751)	(80,795)	(82,546)
			941,195
Consideration transferred			626,540
Add: Fair value of interests in associate transferred			314,655
Less: Fair value of identifiable net assets acquired			(941,195)
			–
Net cash outflow on acquisition:			
Cash consideration paid			(626,540)
Bank balances acquired			7,036
			(619,504)

36. ACQUISITION OF BUSINESSES (continued)

At the acquisition date, the Group's 33.33% equity interest in MGIL was remeasured at fair value taking into account the proportionate share of the fair value of identifiable net assets acquired. The excess of the fair value of HK$314,655,000 over the carrying amount of the interests in an associate of HK$104,121,000 and amount due from MGIL of HK$144,296,000 amounted to HK$66,238,000 and is recognised as gain on deemed disposal of an associate.

37. SHARE CAPITAL

		2015		2014	
		Number of shares '000	**Nominal value HK$'000**	Number of shares '000	Nominal value HK$'000
(a)	Authorised:				
	Shares of HK$0.50 each				
	Balance brought forward and carried forward	**800,000**	**400,000**	800,000	400,000
(b)	Issued and fully paid:				
	Shares of HK$0.50 each				
	Balance brought forward	**655,807**	**327,904**	639,276	319,638
	Issued upon exercise of share options under the share option schemes	**783**	**391**	825	413
	Issued as scrip dividends	**8,135**	**4,068**	15,706	7,853
	Balance carried forward	**664,725**	**332,363**	655,807	327,904

During the year ended 31 December 2015, 8,135,066 (2014: 15,706,487) shares of HK$0.50 each in the Company were issued at HK$27.07 (2014: HK$26.44) per share as scrip dividends.

38. SHARE OPTIONS

In accordance with a share option scheme of Great Eagle Holdings Limited (formerly Executive Share Option Scheme), which was adopted pursuant to an ordinary resolution passed on 10 June 1999 and amended by an ordinary resolution passed on 20 December 2001 (the "1999 Share Option Scheme"), the Board of Directors of the Company may grant options to eligible employees, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At the 2009 Annual General Meeting of the Company held on 27 May 2009, ordinary resolutions were proposed to approve the adoption of a new share option scheme ("2009 Share Option Scheme") and termination of the operation of the 1999 Share Option Scheme. The resolutions were approved by the shareholders of the Company and the 2009 Share Option Scheme became effective for a period of 10 years commencing on 27 May 2009. Options granted during the life of the 1999 Share Option Scheme and remain unexpired prior to the expiry of the 1999 Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the expiry of the 1999 Share Option Scheme. All share options under the 1999 Share Option Scheme have been exercised or lapsed.

38. SHARE OPTIONS (continued)

Further details of the 2009 Share Option Scheme

a. The purpose of the 2009 Share Option Scheme is to motivate officers, employees, associates, agents and contractors of the Company or any subsidiary (the "Participants") and to allow them to participate in the growth of the Company.

b. Participants of the 2009 Share Option Scheme include any person the Board of Directors may select to be offered an option, subject to compliance with applicable laws, including, without limitation, any full-time or part-time employee of the Company or any subsidiary, any executive or non-executive directors of the Company or any subsidiary and any associate, agent or contractor of the Company or any subsidiary.

c. The maximum number of shares of HK$0.50 each of the Company (the "Shares") in respect of which options may be granted (together with options exercised and options then outstanding) under the 2009 Share Option Scheme, when aggregated with any number of Shares subject to any other schemes, will be such number of Shares as shall represent 10% of the issued share capital of the Company on the date of adoption of the 2009 Share Option Scheme.

d. No option may be granted to any Participant under the 2009 Share Option Scheme which, if exercised in full, would result in the total number of Shares already issued and issuable to him under all the options previously granted and to be granted to him in any 12-month period up to the proposed date of the latest grant exceeding 1% of the Company's Shares in issue.

e. The period within which the Shares must be taken up under an option is 36 months commencing on the expiry of 24 months after the date upon which the option is deemed to be granted and accepted and expiring on the last day of the 36 months' period.

f. Any Participant who accepts an offer of the grant of an option in accordance with the terms of the scheme shall pay to the Company HK$1.00 by way of consideration for the grant thereof within a period of 28 days from the date on which an option is offered to the participant.

g. The subscription price shall be determined by the Board of Directors and notified to a Participant and shall be at least the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets on the date of offer of an option, which must be a business day (as defined in the Rules Governing the Listing of Securities on the Stock Exchange), and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share on the date of grant, and as subsequently adjusted pursuant to the terms of the 2009 Share Option Scheme, if relevant.

h. The 2009 Share Option Scheme has a life of 10 years commencing on 27 May 2009.

The following tables disclose details of the Company's share options held by employees, including Directors, and movements in such holdings under the 1999 Share Option Scheme and 2009 Share Option Scheme during the year:

1999 Share Option Scheme

	Number of shares			
In 2014 Year of grant of options	Outstanding options at 1 January 2014	Options exercised	Options lapsed	Outstanding options at 31 December 2014
2009	218,000	(170,000)	(48,000)	–
Exercisable at end of the year				–
Weighted average exercise price	HK$9.34	HK$9.34	HK$9.34	–

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38. SHARE OPTIONS (continued)

2009 Share Option Scheme

	Number of shares				
In 2015 **Year of grant of options**	**Outstanding options at 1 January 2015**	**Options granted**	**Options exercised**	**Options lapsed**	**Outstanding options at 31 December 2015**
2010	**763,000**	**–**	**(611,000)**	**(152,000)**	**–**
2011	**1,478,000**	**–**	**(34,000)**	**(167,000)**	**1,277,000**
2012	**2,407,000**	**–**	**(138,000)**	**(130,000)**	**2,139,000**
2013	**3,016,000**	**–**	**–**	**(239,000)**	**2,777,000**
2014	**3,765,000**	**–**	**–**	**(302,000)**	**3,463,000**
2015	**–**	**4,142,000**	**–**	**(312,000)**	**3,830,000**
	11,429,000	**4,142,000**	**(783,000)**	**(1,302,000)**	**13,486,000**
Exercisable at end of the year					**6,193,000**
Weighted average exercise price	**HK$26.71**	**HK$26.91**	**HK$23.02**	**HK$26.70**	**HK$26.99**

	Number of shares				
In 2014 Year of grant of options	Outstanding options at 1 January 2014	Options granted	Options exercised	Options lapsed	Outstanding options at 31 December 2014
2010	864,500	–	(79,500)	(22,000)	763,000
2011	1,621,000	–	(102,000)	(41,000)	1,478,000
2012	2,921,000	–	(473,000)	(41,000)	2,407,000
2013	3,166,000	–	–	(150,000)	3,016,000
2014	–	3,837,000	–	(72,000)	3,765,000
	8,572,500	3,837,000	(654,500)	(326,000)	11,429,000
Exercisable at end of the year					4,648,000
Weighted average exercise price	HK$26.77	HK$26.17	HK$23.62	HK$27.97	HK$26.71

38. SHARE OPTIONS (continued)

Details of the share options held by the Directors under the 1999 Share Option Scheme and the 2009 Share Option Scheme included in the above table are as follows:

1999 Share Option Scheme

In 2014 Year of grant of options	Number of shares Outstanding options at 1 January 2014	Options granted	Options exercised	Options lapsed	Outstanding options at 31 December 2014
2009	125,000	–	(125,000)	–	–

2009 Share Option Scheme

In 2015 Year of grant of options	**Number of shares Outstanding options at 1 January 2015**	**Reclassification (Note)**	**Options granted**	**Options exercised**	**Options lapsed**	**Outstanding options at 31 December 2015**
2010 – 2015	**4,763,000**	**395,000**	**1,435,000**	**(450,000)**	**–**	**6,143,000**

In 2014 Year of grant of options	Number of shares Outstanding options at 1 January 2014	Options granted	Options exercised	Options lapsed	Outstanding options at 31 December 2014
2010 – 2014	3,533,000	1,230,000	–	–	4,763,000

The weighted average price of the shares on the date the options were exercised was HK$27.01 under the 2009 Share Option Scheme (2014: HK$26.50 and HK$28.00 under the 1999 Share Option Scheme and 2009 Share Option Scheme, respectively), for the year ended 31 December 2015.

Note: During the year, two employees were appointed as directors.

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38. SHARE OPTIONS (continued)

Details of options granted under the 1999 Share Option Scheme and the 2009 Share Option Scheme in each year are as follows:

Year	Date of grant	Exercisable period	Subscription price per share HK$
1999 Share Option Scheme			
2009	8.1.2009	9.1.2011 – 8.1.2014	9.34
2009 Share Option Scheme			
2010	4.3.2010	5.3.2012 – 4.3.2015	22.80
2011	7.3.2011	8.3.2013 – 7.3.2016	26.18
2012	8.3.2012	9.3.2014 – 8.3.2017	23.20
2013	6.6.2013	7.6.2015 – 6.6.2018	31.45
2014	27.2.2014	28.2.2016 – 27.2.2019	26.05
2014	17.3.2014	18.3.2016 – 17.3.2019	27.55
2015	11.3.2015	12.3.2017 – 11.3.2020	26.88
2015	10.4.2015	11.4.2017 – 10.4.2020	28.25

Notes:

(i) Consideration paid for each grant of options was HK$1.00.

(ii) The closing price of the shares of HK$0.50 each of the Company quoted on the Stock Exchange on 7 January 2009, 3 March 2010, 4 March 2011, 7 March 2012, 5 June 2013, 26 February 2014, 16 March 2014, 10 March 2015 and 9 April 2015 being the business date immediately before the date on which share options were granted, were HK$9.45, HK$23.00, HK$26.10, HK$21.90, HK$31.40, HK$25.40, HK$27.00, HK$26.60 and HK$27.85, respectively.

(iii) The vesting period for the option grant is 24 months from date of grant.

(iv) The following significant assumptions were used to derive the fair value, using the Black-Scholes option pricing model:

Date of grant	Exercise price HK$	Expected volatility (note a)	Expected dividend yield (note b)	Expected life from grant date	Risk free interest rate (note c)	Fair value per option HK$
8.1.2009	9.34	52.48%	5.75%	5 years	1.31%	3.16
4.3.2010	22.80	48.98%	2.46%	5 years	1.65%	8.51
7.3.2011	26.18	31.90%	2.28%	5 years	1.88%	6.57
8.3.2012	23.20	33.32%	2.79%	5 years	0.50%	5.44
6.6.2013	31.45	30.27%	2.35%	5 years	0.72%	6.98
27.2.2014	26.05	27.76%	2.89%	5 years	1.71%	5.06
17.3.2014	27.55	27.69%	2.70%	5 years	1.74%	5.46
11.3.2015	26.88	19.33%	3.58%	5 years	1.66%	3.22
10.4.2015	28.25	18.19%	3.34%	5 years	1.46%	3.36

Notes:

(a) The expected volatility was based on historical volatility of the Company's shares.

(b) The expected dividend yield was based on historical dividends of the Company.

(c) Risk free interest rate was approximated the yield of 5-year Exchange Fund Note on the date of grant.

38. SHARE OPTIONS (continued)

The Group recognised the total expense of HK$12,943,000 for the year ended 31 December 2015 (2014: HK$18,701,000) in relation to share options granted by the Company.

All the options forfeited before expiry of the options will be treated as lapsed options under the relevant share option scheme.

39. RETIREMENT BENEFIT SCHEMES

The Group has established various retirement benefit schemes for the benefit of its staff in Hong Kong and overseas. In Hong Kong, the Group operates several defined contribution schemes for qualifying employees. The schemes are registered under the Occupational Retirement Schemes Ordinance. The assets of the schemes are administered by independent third parties and are held separately from the Group's assets. The schemes are funded by contributions from both employees and employers at rates ranging from 5% to 10% of the employee's basic monthly salary. Arrangements for staff retirement benefits of overseas employees vary from country to country and are made in accordance with local regulations and custom.

The Occupational Retirement Scheme in Hong Kong had been closed to new employees as a consequence of the new Mandatory Provident Fund Pension Legislation introduced by The Government of Hong Kong Special Administrative Region in 2000.

From 1 December 2000 onwards, new staff in Hong Kong joining the Group are required to join the new Mandatory Provident Fund Scheme. The Group is required to contribute 5% to 10%, while the employees are required to contribute 5% of their salaries to the scheme, subject to minimum and maximum relevant income levels.

Forfeited contributions to retirement schemes for the year ended 31 December 2015 amounting to HK$939,000 (2014: HK$408,000) have been used to reduce the existing level of contributions. Total contributions to retirement fund schemes for the year ended 31 December 2015 charged to the consolidated income statement amounted to HK$64,267,000 (2014: HK$62,683,000). As at 31 December 2015, contributions of HK$925,000 (2014: HK$1,145,000) due in respect of the year had not been paid over to the schemes.

40. MAJOR NON-CASH TRANSACTIONS

(i) During the year ended 31 December 2015, 8,135,066 (2014: 15,706,487) shares of HK$0.50 each in the Company were issued at HK$27.07 (2014: HK$26.44) per share as scrip dividends.

(ii) During the year ended 31 December 2014, a short term loan receivable from a third party of US$8,650,000 (equivalent to approximately HK$67,096,000) was settled in the form of capital contribution to an investee classified as an AFS investment.

(iii) During the year ended 31 December 2014, the Group received distribution in specie of 30,076,820 shares of a listed equity security of HK$0.99 each from an associate (note 19).

41. PLEDGE OF ASSETS

At 31 December 2015, the Group pledged the following assets for credit facilities granted to its subsidiaries:

(a) the Group's investment properties with a total carrying value of HK$52,591,791,000 (2014: HK$49,109,536,000) together with assignments of sales proceeds, insurance proceeds, rental income, revenue and all other income generated from the relevant property;

(b) the Group's freehold land, leasehold land and hotel buildings and furniture and fixtures with a total carrying value of HK$11,085,455,000 (2014: HK$9,000,074,000);

(c) the Group's leasehold land and owner occupied buildings in Hong Kong with a total carrying value of HK$350,990,000 (2014: HK$349,700,000);

(d) the Group's stock of properties with a total carrying value of HK$662,273,000 (2014: nil); and

(e) the Group's bank deposit of HK$620,790,000 (2014: RMB bank deposit with equivalent amount of HK$847,357,000) (note 28).

42. COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2015, the Group has authorised capital expenditure for investment properties and property, plant and equipment which is not provided for in these consolidated financial statements amounting to HK$1,308,345,000 (2014: HK$930,645,000) of which HK$291,577,000 (2014: HK$181,127,000) was contracted for.

At 31 December 2015, the Group has outstanding financial commitment in respect of capital injection to a joint venture of RMB25,800,000 (equivalent to approximately HK$33,050,000) (2014: RMB25,800,000 (equivalent to approximately HK$33,050,000)) and cash commitment to China Fund LP of US$46,000,000 (equivalent to approximately HK$357,000,000) (2014: US$90,000,000 (equivalent to approximately HK$698,000,000)).

At 31 December 2015, the Group has outstanding commitments for the acquisition of underground and carpark portion of a hotel development project located at Minhang District, Shanghai, the PRC of RMB193,000,000 (equivalent to approximately HK$230,000,000) (31 December 2014: RMB868,500,000 (equivalent to approximately HK$1,086,000,000)).

In July 2015, the Group entered into two purchase and sale agreements for the acquisition of two properties in Tokyo, Japan at a total consideration of 22.2 billion yen (equivalent to approximately HK$1,430 million). Deposit of 2.2 billion yen (equivalent to approximately HK$143 million) was paid in August 2015. Completion date of the agreements has been extended to 30 June 2016 subject to satisfaction of the conditions precedent as set out in the agreements.

42. COMMITMENTS AND CONTINGENT LIABILITIES (continued)

At 31 December 2014, the Group had outstanding commitments for the acquisition of a for-sale condominium development project in the City of San Francisco, the USA with a consideration of US$21,000,000 (equivalent to approximately HK$163,000,000).

At 31 December 2014, the Group also had outstanding capital commitment (in respective form of cash and injection of properties) to the US Real Estate Fund of US$133,700,000 (equivalent to approximately HK$1,037,000,000).

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

43. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Property rental income earned during the year was HK$2,510,014,000 (2014: HK$2,475,899,000). The properties held had committed leases mainly running for the next one to six years.

Contingent rental income was calculated based on the excess of certain percentage of revenue of the relevant operation that occupied certain of the properties over the fixed portion of the monthly rentals. Contingent rental income earned during the year ended 31 December 2015 is HK$92,988,000 (2014: HK$97,240,000).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments in respect of investment properties which fall due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**2,406,052**	2,105,547
In the second to fifth years inclusive	**5,108,391**	3,764,265
After five years	**601,661**	566,011
	8,116,104	6,435,823

Where leases are negotiated at a fixed rate for the first few years, but subject to renegotiation for the remaining contracted lease terms, the minimum lease payments are calculated based on the latest negotiated rent, if any.

43. OPERATING LEASE ARRANGEMENTS (continued)

The Group as lessee

At the end of the reporting period, the Group had outstanding commitments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**5,953**	7,886
In the second to fifth years inclusive	**3,236**	2,197
	9,189	10,083

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for term of one to three years and rentals are fixed over the respective leases.

44. CONNECTED AND RELATED PARTY DISCLOSURES

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

Related companies set out below are companies in which Mr. Lo Hong Sui, Vincent or Mr. Lo Kai Shui, both being Directors of the Company who are also close family members of the Chairman, has controlling interests. Mr. Lo Hong Sui, Vincent, Mr. Lo Kai Shui, the Chairman and other family members are among the beneficiaries under a family trust holding 33.54% (2014: 33.42%) interest, which is a substantial shareholder of the Company. Additionally, connected party includes a company in which a director of a subsidiary has beneficial interest.

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

	2015 HK$'000	2014 HK$'000
Transactions with a related party for the year ended 31 December		
Dr. Lo Ka Shui		
Management fee received	**1,200**	1,200

44. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

	2015 HK$'000	2014 HK$'000
Transactions with related companies for the year ended 31 December		
Sun Fook Kong Construction Holdings Ltd and its subsidiaries		
Rental income	**6,833**	6,833
Building management fee income	**1,063**	1,022
Carpark income	**236**	205
Consultancy service income	**224**	150
Cleaning service charge	**30,346**	12,126
Construction fee paid	**4,950**	–
SOCAM Development Limited and its subsidiaries		
Trading income	**18,443**	451
Shui On Land Limited and its subsidiaries		
Rental expenses	**1,772**	1,235
Management fee expenses	**188**	131
Licence fee and hotel management fee income	**–**	716
Reimbursable centralised hotel expenses	**–**	569
Shui Sing Holdings Limited and its subsidiaries		
Rental expenses	**150**	600
Management fee expense	**156**	545
Management fee income	**240**	240
Transaction with a connected party for the year ended 31 December		
Haining Hai Xing Hotel Co. Ltd.		
Supply procurement and consultancy services income	**73**	1,068
Transactions with associates for the period from 1 January 2014 to 11 December 2014		
MGIL and its subsidiaries		
Licence fee and hotel management fee income	**–**	11,780
Reimbursable centralised hotel expenses	**–**	7,355

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44. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

	2015 HK$'000	2014 HK$'000
Transactions with a joint venture for the year ended 31 December		
Wealth Joy and its subsidiaries		
Project advisory service income	**21,231**	22,248
Investment management income	**11,956**	11,956
Supply procurement and consultancy services income	**8,381**	11,527
Balances with associates, a joint venture, related companies and a connected party as at 31 December		
Amounts due from associates (see note 19(d))		
City Apex Limited	**–**	12,054
Amount due from a joint venture[1] (included in trade debtors under debtors, deposits and prepayments)		
Wealth Joy and its subsidiaries	**91,821**	67,982
Amounts due from related companies[1] (included in debtors, deposits and prepayments)		
Sun Fook Kong Construction Holdings Ltd and its subsidiaries	**201**	41
SOCAM Development Limited and its subsidiaries	**1,859**	644
Shui On Land Limited and its subsidiaries	**–**	31
	2,060	716
Amount due from connected party[1] (included in debtors, deposits and prepayments)		
Haining Hai Xing Hotel Co. Ltd.	**–**	88
Amounts due to related companies[1] (included in creditors, deposits and accruals)		
Sun Fook Kong Construction Holdings Ltd and its subsidiaries	**1,923**	1,149
Shui On Land Limited and its subsidiaries	**–**	750
	1,923	1,899

Note:

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

44. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

During the year ended 31 December 2014, the Group had entered into an agreement with related party as disclosed in note 19(a).

The remuneration of the Directors and other members of key management during the year were disclosed in note 13. The remuneration of the Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

45. EVENT AFTER THE END OF THE REPORTING PERIOD

The Group entered an underwritten mandate letter in relation to a credit facility, comprising of HK$7,200,000,000 secured term loan and revolving loan (the "Facility"), with two banks who would act as mandated lead arrangers and bookrunners of the Facility and underwrite the Facility up to a maximum aggregate amount of HK$7,200,000,000.

In February 2016, the Group entered into a series of 3-month and 6-month forward sale US$ against Japanese Yen transactions with certain financial institutions at an aggregate notional amount of 9,800,000,000 yen.

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2015 and 2014 are set out below:

Direct subsidiary	Issued and paid up equity share capital	Principal activity	Percentage of issued equity share capital held by the Company 2015	2014
Incorporated and operating in the British Virgin Islands				
Jolly Trend Limited	2 shares of US$1 each	Investment holding	**100%**	100%

Indirect subsidiaries	Share capital issued: Number of shares	Share capital issued: Issued and paid up share capital HK$	Principal activities	Percentage of issued equity share capital held by the Company 2015	2014
Incorporated and operating in Hong Kong					
Able Wise (China) Limited	1	1	Investment holding	**100%**	100%
Bon Project Limited	2	2	Property investment	**100%**	100%
Champion Global Services Limited	1	1	Provision of procurement services	**93%**	93%
Chance Mark Limited	2	2	Property investment	**100%**	100%
Clever Gain Investment Limited	2	2	Restaurant operation	**100%**	100%

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46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Share capital issued Number of shares	Issued and paid up share capital HK$	Principal activities	Percentage of issued equity share capital held by the Company 2015	2014
Incorporated and operating in Hong Kong (continued)					
Eagle Asset Management (CP) Limited	16,000,000	16,000,000	Manager of real estate investment trust	**100%**	100%
Eagle Property Management (CP) Limited	1	1	Property management	**100%**	100%
Ease Billion Development Limited	2	2	Property investment	**100%**	100%
Ease Treasure Investment Limited	1	1	Property development	**100%**	100%
Eaton House Management Limited	1,000	10,000	Management of furnished apartments	**100%**	100%
Fortuna Wealth Company Limited	2	2	Property investment	**100%**	100%
GE (LHIL) Lessee Limited	1	1	Hotel operation	**100%**	100%
Great Eagle (China) Investment Limited	1	1	Investment holding	**100%**	100%
Great Eagle Project Advisory Company Limited	1	1	Provision of project management services	**100%**	100%
Great Eagle Trading Holdings Limited	1,000	82,992,841	Investment holding	**93%**	93%
Keysen Engineering Company, Limited	2	2	Maintenance services	**100%**	100%
Landton Limited**	2	2	Investment holding	**100%**	100%
Langham Hospitality Group Limited	1	1	Investment holding	**100%**	100%
Langham Hotels International Limited	5,000	5,000	Hotel management	**100%**	100%
Langham Hotels (China) Limited	1	1	Hotel management	**100%**	100%
LHIL Manager Limited	1	1	Trustee-Manager of Langham share stapled units	**100%**	100%
Longworth Management Limited	10,000	10,000	Property management	**100%**	100%
Mega Bloom (China) Limited	1	1	Investment holding	**100%**	100%
Moon Yik Company, Limited	10,000,000	10,000,000	Property investment	**100%**	100%
Selex Properties Management Company, Limited	2	2	Property management	**100%**	100%
Sharp Bloom Limited	1	1	Treasury management	**100%**	100%
The Great Eagle Company, Limited	2,000,000	1,000,000	Investment holding	**100%**	100%
The Great Eagle Development and Project Management Limited	2	20	Project management	**100%**	100%
The Great Eagle Engineering Company, Limited	2	2	Maintenance services	**100%**	100%
The Great Eagle Estate Agents Limited	2	20	Real estate agency	**100%**	100%
The Great Eagle Finance Company, Limited	100,000	10,000,000	Financing	**100%**	100%
The Great Eagle Properties Management Company, Limited	1,800,000	1,800,000	Property management	**100%**	100%

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46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Share capital issued Number of shares	Issued and paid up share capital HK$	Principal activities	Percentage of issued equity share capital held by the Company 2015	2014
Incorporated and operating in Hong Kong (continued)					
Toptech Co. Limited	2,000,000	2,000,000	Trading of building materials	**93%**	93%
Venus Glory Company Limited	2	2	Property investment	**100%**	100%
Worth Bright Company Limited	2	2	Property investment	**100%**	100%
Zamanta Investments Limited	100	1,000	Property investment	**100%**	100%
Incorporated and operating in Hong Kong and indirectly owned and controlled by Champion REIT					
Benington Limited	100	1,000	Property investment	**62.72%**	61.65%
CP (A1) Limited	1	1	Property investment	**62.72%**	61.65%
CP (B1) Limited	1	1	Property investment	**62.72%**	61.65%
CP (MC) Limited	1	1	Property investment	**62.72%**	61.65%
CP (PH) Limited	1	1	Property investment	**62.72%**	61.65%
CP (SH) Limited	1	1	Property investment	**62.72%**	61.65%
CP (WC) Limited	1	1	Property investment	**62.72%**	61.65%
CP Finance Limited	1	1	Financing	**62.72%**	61.65%
CP (Portion A) Limited	2	2	Property investment	**62.72%**	61.65%
CP (Portion B) Limited	2	2	Property investment	**62.72%**	61.65%
CP Glory Limited	1	1	Financing	**62.72%**	61.65%
CP Success Limited	1	1	Financing	**62.72%**	61.65%
CP Wealth Limited	1	1	Financing	**62.72%**	61.65%
Elegant Wealth Limited	1	1	Property investment	**62.72%**	61.65%
Maple Court Limited	2	2	Property investment	**62.72%**	61.65%
Panhy Limited	2	2	Property investment	**62.72%**	61.65%
Renaissance City Development Company Limited	2	20	Property investment	**62.72%**	61.65%
Shine Hill Development Limited	1,000,000	1,000,000	Property investment	**62.72%**	61.65%
Trump Treasure Limited	1	1	Financing	**62.72%**	61.65%
Well Charm Development Limited	2	2	Property investment	**62.72%**	61.65%
Incorporated and operating in Hong Kong and indirectly owned and controlled by Langham					
Cordis Hong Kong Limited (formerly known as Langham Place Hotel (HK) Limited)	2	2	Property investment	**60.70%**	58.22%
Grow On Development Limited	5,000	5,000	Property investment	**60.70%**	58.22%
Harvest Star International Limited	2	2	Property investment	**60.70%**	58.22%
LHIL Finance Limited	1	1	Financing	**60.70%**	58.22%
LHIL Treasury (HK) Limited	1	1	Financing	**60.70%**	58.22%
LHIL Treasury Company Limited	1	1	Treasury management	**60.70%**	58.22%

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company 2015	2014
Incorporated in the British Virgin Islands				
Bright Form Investments Limited	1 share of US$1	Investment holding of Champion REIT units	**100%**	100%
Ecobest Ventures Limited	1 share of US$1	Treasury management	**100%**	100%
Fine Noble Limited	1 share of US$1	Treasury management	**100%**	100%
Great Eagle Nichemusic Limited	1 share of US$1	Treasury management	**100%**	100%
Keen Flow Investments Limited	1 share of US$1	Investment holding of Champion REIT units	**100%**	100%
LHIL Assets Holdings Limited	1 share of US$1	Investment holding of Langham share stapled units	**100%**	100%
Lucky Wheel Investments Limited*	1 share of US$1	Treasury management	**100%**	–
Main Treasure Holdings Limited	1 share of US$1	Provision of investment management services	**100%**	100%
Nelsprite Limited	1 share of US$1	Treasury management	**100%**	100%
Queenbrook Investments Limited	1 share of US$1	Investment holding	**100%**	100%
Top Domain International Limited	1 share of US$1	Investment holding of Champion REIT units	**100%**	100%
Incorporated and operating in the British Virgin Islands and indirectly owned and controlled by Champion REIT				
EAM-Champion REIT Limited*	1 share of US$1	Securities investment	**62.72%**	–
Incorporated in the British Virgin Islands and operating in the United Kingdom				
Great Eagle Hotels (UK) Limited	1 share of US$1	Hotel ownership and operation	**100%**	100%

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company 2015	2014
Incorporated and operating in Canada				
Great Eagle Hotels (Canada) Limited	10 common shares of C$1 each	Hotel ownership and operation	**100%**	100%
Incorporated in the British Virgin Islands and operating in Australia				
Katesbridge Group Limited	1 share of US$1	Investment holding	**100%**	100%
Ruby Dynasty Limited	1 share of US$1	Investment holding	**100%**	100%
Incorporated and operating in Australia				
Southgate Hotel Management Pty. Ltd.	17,408 shares of A$2 each	Hotel operation	**100%**	100%
The Great Eagle Hotels (NSW) Trust	100 units of A$1 each	Hotel ownership	**100%**	100%
The Great Eagle Hotels (Victoria) Trust	108,688,206 shares of A$1 each	Hotel ownership	**100%**	100%
NSW Hotel Management Pty Ltd	2 shares of A$1 each	Hotel operation	**100%**	100%
Incorporated in the British Virgin Islands and operating in New Zealand				
Great Eagle Hotels (New Zealand) Limited	1 share of US$1	Hotel ownership	**100%**	100%
Incorporated and operating in New Zealand				
Great Eagle Hotels (Auckland) Limited	1,000 shares of no par value	Hotel operation	**100%**	100%

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46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Issued and paid up equity share capital/ contribution paid	Principal activities	Percentage of issued equity share capital held by the Company 2015	2014
Incorporated and operating in the USA				
Pacific Chicago LLC	US$8,000,000	Hotel ownership	**100%**	100%
Pacific Dexter Horton LLC*	US$77,500,000	Property investment	**49.6%**	–
Pacific Dolphin Corporation	100 shares of no par value	Property investment	**100%**	100%
Pacific Eagle China Orient (US) Real Estate GP, LLC	US$250,000	Investment fund management	**80%**	80%
Pacific Eagle (US) Real Estate Fund, L.P.	US$360,600,883	Investment holding	**49.6%**	48.9%
Pacific Eagle Holdings Corporation	100 shares of no par value	Real estate management	**100%**	100%
Pacific EIH Sacramento LLC	US$72,262,406	Property investment	**49.6%**	48.9%
Pacific Fifth Avenue Corporation	100 shares of US$0.01 each	Hotel ownership	**100%**	100%
Pacific Howard Corporation*	100 shares of US$0.01 each	Property/hotel development	**100%**	–
Pacific Huntington Hotel Corporation	100 shares of US$0.001 each	Hotel ownership	**100%**	100%
Pacific Malibu Dume LLC*	US$17,067,000	Property for sale	**49.6%**	–
Pacific 1125 Market Corporation*	100 shares of US$0.01 each	Hotel development	**100%**	–
Pacific 123 Mission LLC*	US$92,543,295	Property investment	**49.6%**	–
Pacific Pine LLC*	US$25,100,000	Property development	**49.6%**	–
Pacific Washington DC Corporation*	100 shares of US$0.01 each	Hotel ownership	**100%**	–
Pacific 2700 Ygnacio Corporation	100 shares of US$1 each	Property investment	**100%**	100%
Pacific Ygnacio LLC	US$13,861,237	Property investment	**49.6%**	48.9%
Shorthills NJ. Inc.	100 shares of US$1 each	Property investment	**100%**	100%

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Issued and paid up equity share capital/ registered capital	Principal activities	Percentage of issued equity share capital held by the Company 2015	2014
Incorporated and operating in the PRC				
卓環管理咨詢(上海)有限公司	US$100,000	Provision of procurement services	**93%**	93%
朗廷酒店管理(上海)有限公司	US$3,750,000	Hotel management	**100%**	100%
朗虹(上海)酒店有限公司*	RMB810,000,000	Hotel ownership and operation	**100%**	–
實力物業管理(大連)有限公司	RMB3,000,000	Property management	**100%**	100%
上海禮興酒店有限公司**	US$159,150,000	Hotel ownership and operation	**50%**	50%
高端(上海)貿易有限公司	US$350,000	Trading of building materials	**93%**	93%
Incorporated and operating in the Cayman Islands and indirectly owned and controlled by Champion REIT				
Champion MTN Limited	1 share of US$1	Medium term notes issuer	**62.72%**	61.65%
Ernest Limited	100 shares of US$1 each	Investment holding	**62.72%**	61.65%
Fair Vantage Limited	1 share of US$1	Debt securities issuer	**62.72%**	61.65%

* All these subsidiaries commenced its business during the year ended 31 December 2015.

** Such entities are subsidiaries of MGIL. The Group, in accordance with the shareholders agreement of 上海禮興酒店有限公司, is entitled to full ownership of The Langham, Shanghai, Xintiandi and therefore the income, expenses, assets and liabilities relating to The Langham, Shanghai, Xintiandi is consolidated irrespective of the Group's 50% issued share capital in 上海禮興酒店有限公司.

The Directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the above list contains only the particulars of the subsidiaries which principally affect the results or assets and liabilities of the Group.

None of the subsidiaries had any debt securities subsisting at 31 December 2015 and 2014 or at any time during both years.

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests/unitholders as at 31 December 2015 and 2014:

Indirect subsidiaries	Place of incorporation and principal activities	Proportion of ownership interests and voting rights held by non-controlling interests/unitholders		Profit allocated to non-controlling interests/unitholders		Accumulated non-controlling interests/unitholders	
		2015	2014	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Champion REIT	HK/Property investment	**37.28%**	38.35%	**1,247,286**	740,818	**18,068,925**	17,746,512
Langham	Cayman Islands/Property investment	**39.30%**	41.78%	**77,756**	109,699	**(1,008,857)**	(967,994)
US Real Estate Fund	the USA/Property investment	**50.40%**	51.1%	**91,103**	41,748	**1,638,408**	822,339

The above information is based on Champion REIT and its subsidiaries, Langham and its subsidiaries and US Real Estate Fund and its subsidiaries.

Champion REIT and Langham are listed on the Stock Exchange. The Group as at 31 December 2015 has 62.72% and 60.70% (2014: 61.65% and 58.22%) ownership in Champion REIT and Langham, respectively, and the Directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Champion REIT and Langham. The Group additionally achieves control over Champion REIT and Langham through the REIT Manager and Trustee-Manager, respectively, who are wholly owned subsidiaries of the Group.

Although the Group as at 31 December 2015 has 49.6% (2014: 48.9%) ownership in US Real Estate Fund, the Directors concluded that the Group is able to direct the relevant activities of US Real Estate Fund and achieves control over US Real Estate Fund through the general partner, who is a subsidiary of the Group.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests/unitholders is set out below. The summarised financial information below represents amounts before intragroup eliminations.

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46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Champion REIT and its subsidiaries

	2015 HK$'000	2014 HK$'000
Current assets	958,010	1,206,298
Non-current assets	65,006,204	62,441,974
Current liabilities	(4,658,026)	(2,372,882)
Non-current liabilities, excluding net assets attributable to unitholders	(12,838,041)	(15,000,260)
Net assets attributable to non-controlling unitholders of Champion REIT	18,068,925	17,746,512
Revenue	2,289,304	2,288,239
Expenses	(1,067,243)	(1,042,933)
Profit for the year, before distribution to unitholders	3,305,013	1,928,563
Distribution to unitholders	(1,145,913)	(1,170,668)
Profit for the year, after distribution to unitholders (note a)	2,159,100	757,895
Other comprehensive (expense) income for the year (note b)	(71,543)	44,674
Total comprehensive income for the year (note c)	2,087,557	802,569
Attributable to non-controlling unitholders of Champion REIT: Profit for the year, before distribution to unitholders	1,247,286	740,818
Other comprehensive (expense) income for the year	(26,669)	17,716
Total comprehensive income for the year	1,220,617	758,534
Distributions to non-controlling unitholders of Champion REIT	432,537	453,847
Net cash inflow from operating activities	1,202,907	1,270,276
Net cash outflow from investing activities	(282,172)	(30,589)
Net cash outflow from financing activities	(1,232,905)	(1,301,034)
Net cash outflow	(312,170)	(61,347)

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Champion REIT and its subsidiaries (continued)

Notes:

		2015 HK$'000	2014 HK$'000
(a)	Profit for the year, after distributions to unitholders		
	attributable to owners of the Company	**1,344,351**	470,924
	attributable to non-controlling unitholders of Champion REIT	**814,749**	286,971
		2,159,100	757,895
(b)	Other comprehensive (expense) income for the year		
	attributable to owners of the Company	**(44,874)**	26,958
	attributable to non-controlling unitholders of Champion REIT	**(26,669)**	17,716
		(71,543)	44,674
(c)	Total other comprehensive income for the year		
	attributable to owners of the Company	**1,299,477**	498,310
	attributable to non-controlling unitholders of Champion REIT	**788,080**	304,259
		2,087,557	802,569

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2015

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Langham and its subsidiaries

	2015 HK$'000	2014 HK$'000
Current assets	422,016	704,555
Non-current assets	18,381,019	17,000,025
Current liabilities	(6,872,462)	(84,509)
Non-current liabilities	(248,576)	(6,937,565)
Equity attributable to non-controlling interests before intragroup eliminations	4,591,025	4,463,151
Equity attributable to non-controlling interests after intragroup eliminations (note)	(1,008,857)	(967,994)
Revenue	682,194	751,738
Expenses	(271,709)	(282,793)
Profit and total comprehensive income for the year	1,442,191	557,063
Attributable to non-controlling interests of Langham: Profit and total comprehensive income for the year (note)	77,756	109,699
Distributions to non-controlling interests of Langham	227,092	282,633
Net cash inflow from operating activities	439,285	646,701
Net cash outflow from investing activities	(262,234)	(170,005)
Net cash outflow from financing activities	(513,519)	(627,243)
Net cash outflow	(336,468)	(150,547)

Note: The amounts have been adjusted for intragroup eliminations which primarily represent the elimination of fair value changes on properties and related deferred taxation and depreciation on Langham's properties and other service fees.

46. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

US Real Estate Fund and its subsidiaries

	2015 HK$'000	2014 HK$'000
Equity attributable to owners of the Company after intragroup eliminations (note)	**1,613,707**	788,411
Equity attributable to non-controlling interests after intragroup eliminations (note)	**1,638,408**	822,339
Profit and total comprehensive income for the year	**379,076**	81,647
Attributable to non-controlling interests of US Real Estate Fund: Profit and total comprehensive income for the year (note)	**91,103**	41,748

The US Real Estate Fund had net cash inflow mainly arising from cash from financing activities of US$81,072,000 (approximate to HK$628,503,000) (2014: US$100,872,000 (approximate to HK$782,444,000)).

Note: The amounts have been adjusted for intragroup eliminations which primarily represent the elimination of revaluation gain on property and related deferred taxation in regards to the capital injection of the property to the US Real Estate Fund.

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For the year ended 31 December 2015

47. PARTICULARS OF THE ASSOCIATES

Details of the Group's associates at 31 December 2015 and 2014 are set out below:

Indirect associates	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Group 2015	2014
Incorporated in the British Virgin Islands				
City Apex Limited	3,500 shares of US$1 each	Investment holding	**23%**	23%
Incorporated in the Cayman Islands				
China Orient Great Eagle (PRC) Real Estate Investment Opportunity Fund General Partner	100 shares of US$1 each	General partner of investment fund	**20%**	20%
Redwood Peak Partners	12,500 shares of US$1 each	General partner of investment fund	**25%**	25%
Incorporated in the Bermuda and listed on the Stock Exchange				
Cinderella Media Group Limited (note)	333,784,000 shares of HK$0.2 each	Investment holding of subsidiaries which are engaged in advertising	**–**	18.75%

Note: In previous years, the Group was able to exercise significant influence over Cinderella Media Group Limited through its shareholding in City Apex Limited which held over 50% equity interests in Cinderella Media Group Limited. At 31 December 2015, the investment in Cinderella Media Group Limited was fully disposed of upon acceptance of a mandatory unconditional cash offer.

48. PARTICULAR OF A JOINT VENTURE

Details of the Group's joint venture at 31 December 2015 and 2014 are set out below:

Indirect joint venture	Issued and paid up equity share capital	Principal activity	Percentage of issued equity share capital held by the Group 2015	2014
Incorporated in the British Virgin Islands				
Wealth Joy Holdings Limited	2 shares of US$1 each	Investment holding of subsidiaries which are engaged in property development	**50%**	50%

49. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 HK$'000	2014 HK$'000
Non-current assets		
Investment in a subsidiary	2,321,359	2,079,992
Amount due from a subsidiary	20,258,633	20,256,917
	22,579,992	22,336,909
Current assets		
Prepayments	294	287
Amount due from a subsidiary	754,953	633,713
Bank balances and cash	5,818	5,906
	761,065	639,906
Current liability		
Accruals	6,408	6,257
Net current assets	754,657	633,649
NET ASSETS	23,334,649	22,970,558
Share capital and reserves		
Share capital	332,363	327,904
Reserves	23,002,286	22,642,654
TOTAL EQUITY	23,334,649	22,970,558

49. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2014	4,214,554	3,054	424,627	39,707	17,818,174	22,500,116
Shares issued at premium	428,515	–	–	(4,457)	–	424,058
Share issue expenses	(99)	–	–	–	–	(99)
Recognition of equity-settled share based payments	–	–	–	18,701	–	18,701
Profit and total comprehensive income for the year	–	–	–	–	472,141	472,141
Dividend paid	–	–	–	–	(772,263)	(772,263)
At 31 December 2014	4,642,970	3,054	424,627	53,951	17,518,052	22,642,654
Shares issued at premium	239,954	–	–	(6,173)	–	233,781
Share issue expenses	(89)	–	–	–	–	(89)
Recognition of equity-settled share based payments	–	–	–	12,943	–	12,943
Profit and total comprehensive income for the year	–	–	–	–	601,015	601,015
Dividend paid	–	–	–	–	(488,018)	(488,018)
At 31 December 2015	**4,882,835**	**3,054**	**424,627**	**60,721**	**17,631,049**	**23,002,286**

Note: The contributed surplus is available for distribution to shareholders under the Bermuda Companies Act. Contributed surplus represents the surplus arising under the Scheme of Arrangement undertaken by the Group in 1989/90.

APPENDIX I
LIST OF MAJOR PROPERTIES

PROPERTIES HELD FOR INVESTMENT

Name and location	Use	Approximate floor area (sq. ft.)	Group's interests
ON LAND UNDER LONG LEASES			
Eaton House 100 Blue Pool Road, Happy Valley, Hong Kong	Furnished apartments	34,000	100%
Great Eagle Centre 23 Harbour Road, Wanchai, Hong Kong	Commercial/Office	270,000	100%
ON LAND UNDER MEDIUM-TERM LEASES			
Apartment Tower on the Western Side of Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong	Apartments	6,000	100%
Eaton House 4H Village Road, Happy Valley, Hong Kong	Furnished apartments	23,000	100%
Eaton House 3-5 Wan Chai Gap Road, Wan Chai, Hong Kong	Furnished apartments	35,000	100%
Eaton, Hong Kong 380 Nathan Road, Kowloon, Hong Kong	Hotel/Commercial	339,000	60.70%
The Langham, Hong Kong 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong	Hotel/Commercial	375,000	60.70%
Cordis, Hong Kong 555 Shanghai Street, Mongkok, Kowloon, Hong Kong	Hotel	580,000	60.70%
The Langham, Shanghai, Xintiandi 99 Madang Road, Xintiandi, Shanghai 200021, the PRC	Hotel/Commercial	575,000	100%

APPENDIX I
LIST OF MAJOR PROPERTIES

PROPERTIES HELD FOR INVESTMENT (continued)

Name and location	Use	Approximate floor area (sq. ft.)	Group's interests
ON LAND UNDER MEDIUM-TERM LEASES (continued)			
Citibank Plaza 3 Garden Road, Central, Hong Kong	Commercial/Office	1,638,000	62.72%
Langham Place 8 Arygle Street, Mongkok, Kowloon, Hong Kong	Commercial/Office	1,293,000	62.72%
Cordis, Shanghai Hongqiao 333 Shen Hong Road, Minhang District, Shanghai 201106, the PRC	Hotel/Commercial	486,000	100%
ON FREEHOLD LAND			
The Langham, London 1B & 1C Portland Place, Regent Street, London, W1B 1JA, the United Kingdom	Hotel/Commercial	363,000	100%
Chelsea Hotel, Toronto 33 Gerrard Street West, Toronto, Ontario M5G 1Z4, Canada	Hotel/Commercial	1,130,000	100%
The Langham, Melbourne One Southgate Avenue, Southbank, Melbourne, Victoria 3006, Australia	Hotel/Commercial	385,000	100%
The Langham, Auckland 83 Symonds Street, Auckland 1140, New Zealand	Hotel/Commercial	309,000	100%
500 Pacific Ygnacio Plaza 500 Ygnacio Valley Road, Walnut Creek, CA 94596, the USA	Office	110,000	49.6%

APPENDIX I
LIST OF MAJOR PROPERTIES

PROPERTIES HELD FOR INVESTMENT (continued)

Name and location	Use	Approximate floor area (sq. ft.)	Group's interests
ON FREEHOLD LAND (continued)			
2700 Ygnacio Valley Road 2700 Ygnacio Valley Road, Walnut Creek, CA 94598, the USA	Office	115,000	100%
The Langham, Boston 250 Franklin Street, Boston, MA 02110, the USA	Hotel/Commercial	281,000	100%
353 Sacramento Street 353 Sacramento Street, San Francisco, CA 94111, the USA	Commercial/Office	307,000	49.6%
The Langham Huntington, Pasadena, Los Angeles, 1401 South Oak Knoll Avenue, Pasadena, California 91106, the USA	Hotel/Commercial	489,000	100%
The Langham, Sydney 89-113 Kent Street, Sydney, NSW 2000, Australia	Hotel	129,000	100%
The Langham, Chicago 330 North Wabash, Chicago, IL 60611, the USA	Hotel	342,000	100%
Langham Place, Fifth Avenue, New York, 400 Fifth Avenue, New York 10018, the USA	Hotel	297,000	100%

APPENDIX I
LIST OF MAJOR PROPERTIES

PROPERTIES HELD FOR INVESTMENT (continued)

Name and location	Use	Approximate floor area (sq. ft.)	Group's interests
ON FREEHOLD LAND (continued)			
123 Mission 123 Mission Street, San Francisco, CA 94105, the USA	Commercial/Office	403,000	100%
Eaton Washington D.C. 1201 K. Street, N.W., Washington DC, DC 20005, the USA	Hotel	172,000	100%
Dexter Horton Building 710 Second Avenue, Seattle, WA98104, the USA	Office	389,000	49.6%

PROPERTIES UNDER DEVELOPMENT

Name and location	Use	Approximate floor area (sq. ft.)	Group's interests
ON LAND UNDER MEDIUM-TERM LEASE			
Lot C04, Donggang area, Renmin Road East, Zhongshan District, Dalian, the PRC (note a)	Hotel/Apartments	3,079,000	50%
TPTL No. 214, Fo Yin Road, Pak Shek Kok, Tai Po, New Territories, Hong Kong (note b)	Residential	730,000	100%

APPENDIX I
LIST OF MAJOR PROPERTIES

PROPERTIES UNDER DEVELOPMENT (continued)

Name and location	Use	Approximate floor area (sq. ft.)	Group's interests
ON FREEHOLD LAND			
1545 Pine Street, San Francisco, CA94109, the USA (note c)	Condominium	135,000	49.6%
555 Howard Street, San Francisco, CA94105, the USA (note d)	Mixed-use	410,000	100%
1125 Market Street, San Francisco, CA94103, the USA (note d)	Hotel	125,000	100%

PROPERTIES FOR SALE

Name and location	Use	Approximate floor area (sq. ft.)	Group's interests
ON FREEHOLD LAND			
Villa Malibu, 6874 Cavalleri Road, Malibu, California, the USA (note e)	Condominium	186,000	49.6%

Notes:

(a) Superstructure works were in progress. The project is targeted to complete in two phases by 2016 onward.

(b) Planning works of the site were in progress.

(c) Construction commenced and excavation in progress.

(d) Under design and planning.

(e) Design for overall renovation in progress.

APPENDIX II
FIVE YEARS' FINANCIAL SUMMARY

	For the year ended 31 December				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015 HK$'000**
RESULTS					
Revenue	6,391,956	6,746,623	7,301,014	8,127,367	**8,270,902**
Profit before tax	7,717,526	5,834,630	3,803,975	3,506,144	**5,273,225**
Income taxes	(353,569)	(442,980)	(426,312)	(496,305)	**(539,172)**
Profit for the year	7,363,957	5,391,650	3,377,663	3,009,839	**4,734,053**
Attributable to:					
Owners of the Company	4,227,203	3,551,830	2,399,472	2,115,101	**3,312,335**
Non-controlling unitholders of Champion REIT	3,136,754	1,838,984	906,298	740,818	**1,247,286**
Non-controlling interests	–	836	71,893	153,920	**174,432**
	7,363,957	5,391,650	3,377,663	3,009,839	**4,734,053**
Earnings per share					
Basic	HK$6.70	HK$5.63	HK$3.76	HK$3.23	**HK$4.98**
Diluted	HK$6.57	HK$5.58	HK$3.32	HK$3.22	**HK$4.98**
ASSETS AND LIABILITIES					
Total assets	75,611,338	81,915,541	97,772,028	101,945,360	**105,188,197**
Total liabilities	(18,905,424)	(20,493,801)	(30,684,954)	(32,567,797)	**(32,145,079)**
	56,705,914	61,421,740	67,087,074	69,377,563	**73,043,118**
Attributable to:					
Owners of the Company	37,983,100	42,771,004	49,956,025	51,769,678	**54,332,645**
Non-controlling unitholders of Champion REIT	18,722,814	18,647,877	17,986,810	17,746,512	**18,068,925**
Non-controlling interests	–	2,859	(855,761)	(138,627)	**641,548**
	56,705,914	61,421,740	67,087,074	69,377,563	**73,043,118**

GLOSSARY OF TERMS

In this annual report, unless the context otherwise requires, the following expression shall have the followings meanings:

Term	Definition
"2009 Share Option Scheme"	the share option scheme of the Company adopted by an ordinary resolution passed on 27 May 2009
"CG Code"	Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"Champion REIT"	Champion Real Estate Investment Trust (Stock Code: 2778), a Hong Kong collective investment scheme authorised under section 104 of SFO, in which the Group has an interest of approximately 62.7% as at 31 December 2015
"China Fund" or "China Fund LP"	China Orient Great Eagle (PRC) Real Estate Investment Opportunity Fund L.P.
"Code of Conduct for Securities Transactions"	Code of Conduct regarding Securities Transactions by Directors and relevant employees of the Company
"Company"	Great Eagle Holdings Limited
"CSR"	Corporate Social Responsibility
"EBITDA"	Earning before interest, taxes, depreciation and amortisation
"Group"	the Company and its subsidiaries
"HITL"	HSBC International Trustee Limited
"HKAS"	Hong Kong Accounting Standard
"HKEX"	Hong Kong Exchanges and Clearing Limited
"HKFRS"	Hong Kong Financial Reporting Standard
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Langham" or "LHI"	Langham Hospitality Investments and Langham Hospitality Investments Limited (Stock Code: 1270), the share stapled units of which are listed on the Stock Exchange, in which the Group had an interest of approximately 60.7% as at 31 December 2015

GLOSSARY OF TERMS

Term	Definition
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"RevPAR"	Revenue per available room
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of ordinary share(s) in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S. Fund" or "U.S. Real Estate Fund"	Pacific Eagle (US) Real Estate Fund, L.P., in which the Group had an interest of approximately 49.6% as at 31 December 2015

This annual report is available in both English and Chinese versions and has been published on the Company's website at www.GreatEagle.com.hk and the designated website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

In respect of (i) shareholders who have chosen to receive or are deemed to have consented to receiving this annual report by electronic means wish to receive printed form of this annual report; or (ii) shareholders who have received or chosen to receive printed form wish to receive another language version of this annual report; or (iii) shareholders who wish to change their choice of means of receipt or language of the Company's future corporate communications (including but not limited to directors' report, annual accounts, independent auditor's report, interim report, notice of meeting, circular to shareholders), they may at any time send their request by reasonable notice in writing by post or by email to GreatEagle.ecom@greateagle.com.hk or by completing and returning the Change Request Form to the branch share registrar of the Company, Computershare Hong Kong Investor Services Limited by using the mailing label on the Change Request Form (postage prepaid if delivered within Hong Kong). The Change Request Form is being sent to shareholders together with the printed form of this annual report or written notification (as the case may be).

鷹君集團有限公司
Great Eagle
Holdings Limited

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

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