鷹君集團有限公司
Great Eagle
Holdings Limited

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

ANNUAL REPORT
2019

CORPORATE PROFILE

The Great Eagle Group is one of Hong Kong's leading property companies. It 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 66.2% interest (as at 31 December 2019) in Champion Real Estate Investment Trust, and a 63.5% interest (as at 31 December 2019) 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 Three Garden Road 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 669-room Cordis 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 ONTOLO, a luxury residential development project in Pak Shek Kok, Tai Po, Hong Kong, two development projects in San Francisco, U.S., a development project in Seattle, U.S., a hotel development project in Venice, Italy and a hotel redevelopment project in Tokyo, Japan. The Group also owns a 50.0% 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$375 million as at the end of 2019. 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-four luxury properties with more than 9,000 rooms, including twenty-one luxury hotels branded under The Langham, Langham Place and Cordis brands in Hong Kong, London, New York, Chicago, Boston, Los Angeles, Sydney, Melbourne, Auckland, Shanghai, Beijing, Shenzhen, Guangzhou, Haining, Haikou, Ningbo, Xiamen and Hefei; 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$1,731 million in the financial year 2019 and a net asset value (based on share of net assets of Champion Real Estate Investment Trust and LHI) of approximately HK$77 billion as of 31 December 2019.

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CORPORATE INFORMATION

DIRECTORS
LO Ka Shui *(Chairman and 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, Larry*
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

AUDIT COMMITTEE
CHENG Hoi Chuen, Vincent *(Chairman)*
WONG Yue Chim, Richard
LEE Pui Ling, Angelina
LEE Siu Kwong, Ambrose
POON Ka Yeung, Larry

REMUNERATION COMMITTEE
LEE Pui Ling, Angelina *(Chairwoman)*
CHENG Hoi Chuen, Vincent
WONG Yue Chim, Richard
LEE Siu Kwong, Ambrose
POON Ka Yeung, Larry

NOMINATION COMMITTEE
WONG Yue Chim, Richard *(Chairman)*
CHENG Hoi Chuen, Vincent
LEE Pui Ling, Angelina
LEE Siu Kwong, Ambrose
POON Ka Yeung, Larry

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

COMPANY SECRETARY
WONG Mei Ling, Marina

AUDITOR
Deloitte Touche Tohmatsu

LEGAL ADVISORS
Appleby
Clifford Chance
Mayer Brown
Orrick, Herrington & Sutcliffe LLP
Pillsbury Winthrop Shaw Pittman LLP
Reed Smith Richards Butler
Shartsis Friese LLP

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

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PRINCIPAL SHARE REGISTRAR
MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House
41 Cedar Avenue
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BRANCH SHARE REGISTRAR IN HONG KONG
Computershare Hong Kong Investor Services Limited
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Email: hkinfo@computershare.com.hk

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STOCK CODE
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DIVIDEND NOTICE

FINAL DIVIDEND

The Board of Directors recommended the payment of a final dividend of HK50 cents per share (2018: HK50 cents per share) and a special final dividend of HK50 cents per share (2018: Nil) for the year ended 31 December 2019 to the Shareholders whose names appear on the Registers of Members on Friday, 15 May 2020 subject to the approval of the Shareholders at the forthcoming 2020 Annual General Meeting.

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

Shareholders will be given the option to receive the proposed 2019 final dividend of HK50 cents per share in new shares in lieu of cash and special final dividend of HK50 cents per share will be paid in the form of cash. The scrip dividend arrangement is subject to: (1) the approval of the proposed 2019 final dividend and special final dividend at the 2020 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 2020. Dividend warrants and share certificates in respect of the proposed 2019 final dividend and special final dividend are expected to be despatched to the Shareholders on 17 June 2020.

CLOSURE OF REGISTERS OF MEMBERS

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

(i) To attend and vote at the 2020 Annual General Meeting

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

In order to be eligible to attend and vote at the 2020 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 Monday, 27 April 2020.

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

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

In order to qualify for the proposed 2019 final dividend and special final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong for registration not later than 4:30 p.m. on Monday, 11 May 2020.

FINANCIAL HIGHLIGHTS AND FINANCIAL CALENDAR

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

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

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

	As at the end of December 2019	June 2019
Key Financials on Balance Sheet		
Based on share of Net Assets of Champion REIT, LHI and the U.S. Fund (core balance sheet) [1]		
Net gearing	**0.4%**	1.4%
Book value (per share)	**HK$109.3**	HK$116.7
Based on statutory accounting principles [2]		
Net gearing [3]	**19.6%**	19.6%
Book value (per share)	**HK$97.3**	HK$102.4

1 The Group's core balance sheet is derived from our share of net assets of LHI. As the hotels owned by LHI are classified as investment properties, the values of these hotels were marked to market. More details about the balance sheet derived from our share of net assets in Champion REIT, LHI and the U.S. Fund are on page 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 66.22%, 63.45% and 49.97% equity stake of Champion REIT, LHI and the U.S. Fund respectively as at the end of December 2019.

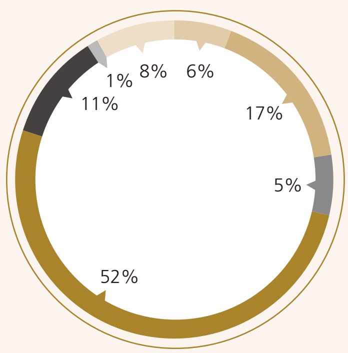
3 Net gearing based on statutory accounting principles is based on net debts attributable to shareholders of the Group divided by equity attributable to shareholders of the Group.

FINANCIAL CALENDAR

2019 Interim Results Announcement	:	30 August 2019
Payment of 2019 Interim Dividend of HK33 cents per share	:	17 October 2019
2019 Annual Results Announcement	:	25 February 2020
Closure of Registers for ascertaining the entitlement to attend and vote at the 2020 Annual General Meeting	:	28 April 2020 – 5 May 2020 (both days inclusive)
2020 Annual General Meeting	:	5 May 2020
Ex-dividend Date	:	8 May 2020
Closure of Registers for ascertaining the entitlement to the proposed 2019 Final Dividend and Special Final Dividend	:	12 May 2020 – 15 May 2020 (both days inclusive)
Record Date for the proposed 2019 Final Dividend and Special Final Dividend	:	15 May 2020
Payment of the proposed 2019 Final Dividend of HK50 cents per share and Special Final Dividend of HK50 cents per share	:	17 June 2020

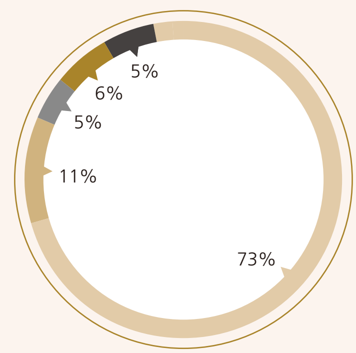
ASSETS EMPLOYED

Total Assets HK$106,519 million



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

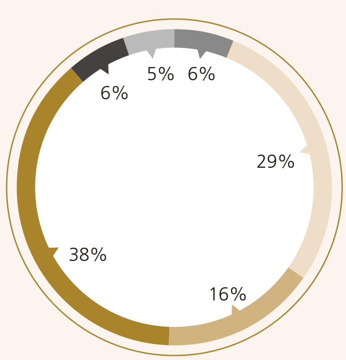
FINANCED BY



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

OPERATING INCOME FROM CORE BUSINESS

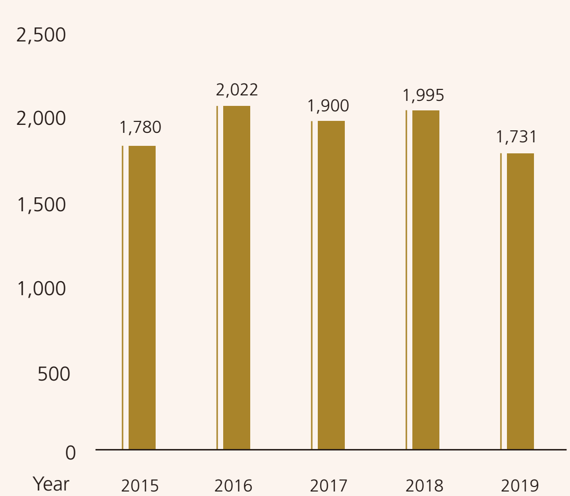
HK$2,711 million



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

CORE PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

HK$ million



CORE PROFIT - FINANCIAL FIGURES BASED ON CORE BUSINESS

	Year ended 31 December		
	2019	2018	Change
	HK$ million	HK$ million	
Revenue from core business			
Hotels Division	**4,249.9**	4,393.0	- 3.3%
Gross Rental Income	**218.6**	230.8	- 5.3%
Management Fee Income from Champion REIT	**424.4**	396.8	7.0%
Distribution Income from Champion REIT^	**1,036.4**	1,008.9	2.7%
Distribution Income from LHI^	**163.9**	258.4	- 36.6%
Other operations	**405.2**	373.7	8.4%
Total Revenue	**6,498.4**	6,661.6	- 2.4%
Hotel EBITDA	**779.8**	854.3	- 8.7%
Net Rental Income	**168.2**	182.3	- 7.7%
Management Fee Income from Champion REIT	**424.4**	396.8	7.0%
Distribution Income from Champion REIT^	**1,036.4**	1,008.9	2.7%
Distribution Income from LHI^	**163.9**	258.4	- 36.6%
Operating income from other operations	**137.9**	144.3	- 4.4%
Operating Income from core business	**2,710.6**	2,845.0	- 4.7%
Depreciation	**(305.7)**	(225.2)	35.7%
Administrative and other expenses	**(615.3)**	(464.3)	32.5%
Other income	**9.2**	109.4	- 91.6%
Interest income	**177.8**	132.0	34.7%
Finance costs	**(167.9)**	(174.9)	- 4.0%
Share of results of joint ventures	**43.9**	(10.4)	n.m.
Share of results of associates	**1.2**	0.8	50.0%
Core profit before tax	**1,853.8**	2,212.4	- 16.2%
Income taxes	**(119.5)**	(217.6)	- 45.1%
Core profit after tax	**1,734.3**	1,994.8	- 13.1%
Non-controlling interest	**(3.3)**	0.6	n.m.
Core profit attributable to equity holders	**1,731.0**	1,995.4	- 13.3%

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

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

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

31 December 2019

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

31 December 2018

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

FINANCIAL FIGURES BASED ON STATUTORY ACCOUNTING PRINCIPLES

	Year ended 31 December		
	2019 HK$ million	2018 HK$ million	Change
Revenue based on statutory accounting principles			
Hotels Division	**5,600.2**	6,022.8	- 7.0%
Gross Rental Income	**218.6**	230.8	- 5.3%
Other operations (including management fee income from Champion REIT)	**829.6**	770.5	7.7%
Gross Rental Income - Champion REIT	**3,080.7**	2,965.0	3.9%
Gross Rental Income - LHI	**483.9**	615.5	-21.4%
Gross Revenue - U.S. Fund	**47.0**	664.4	- 92.9%
Elimination on Intragroup transactions	**(1,023.2)**	(1,112.8)	-8.1%
Consolidated Total Revenue	**9,236.8**	10,156.2	- 9.1%
Hotel EBITDA	**779.8**	854.3	- 8.7%
Net Rental Income	**168.2**	182.3	- 7.7%
Operating income from other operations	**562.3**	541.1	3.9%
Net Rental Income - Champion REIT	**2,183.0**	2,116.7	3.1%
Net Rental Income - LHI	**448.3**	587.0	- 23.6%
Net Operating Loss - U.S. Fund	**(43.1)**	(105.5)	- 59.1%
Elimination on Intragroup transactions	**(56.6)**	(12.0)	371.7%
Consolidated Operating Income	**4,041.9**	4,163.9	- 2.9%
Depreciation	**(768.5)**	(712.5)	7.9%
Fair value changes on investment properties	**(2,146.8)**	6,660.6	n.m.
Fair value changes on derivative financial instruments	**(51.3)**	(77.5)	- 33.8%
Fair value changes on financial assets at fair value through profit or loss	**24.8**	(37.6)	n.m.
Administrative and other expenses	**(639.1)**	(511.7)	24.9%
Other income (including interest income)	**232.0**	259.9	- 10.7%
Finance costs	**(884.4)**	(821.3)	7.7%
Share of results of joint ventures	**43.9**	(10.4)	n.m.
Share of results of associates	**1.2**	0.8	50.0%
Statutory (loss) / profit before tax	**(146.3)**	8,914.2	n.m.
Income taxes	**(429.8)**	(526.5)	- 18.4%
Statutory (loss) / profit after tax	**(576.1)**	8,387.7	n.m.
Non-controlling interest	**49.5**	90.7	- 45.4%
Non-controlling unitholders of Champion REIT	**188.8**	(2,667.7)	n.m.
Statutory (loss) / profit attributable to equity holders	**(337.8)**	5,810.7	n.m.

OVERVIEW

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

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

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

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

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

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

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

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

BUSINESS REVIEW

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

1. HOTELS DIVISION

Hotels Performance

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

^ Closed for renovation from April 2019

Soft-opened in August 2018

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

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

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

EUROPE

The Langham, London

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

NORTH AMERICA

The Langham, Boston

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

The Langham Huntington, Pasadena

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

The Langham, Chicago

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

The Langham, New York, Fifth Avenue

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

Eaton, Washington D.C.

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

Chelsea Hotel, Toronto

Demand for hotel rooms was weak amid a reduction in convention activities in the city during 2019. Therefore, the hotel focused on securing high-yield retail business during the year, resulting in a 2% uplift in average room rate. However, occupancy for the hotel dropped by 5 percentage points in 2019. Revenue from F&B dropped by 7% due to weaker restaurant business.

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

AUSTRALIA / NEW ZEALAND

The Langham, Melbourne

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

The Langham, Sydney

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

Cordis, Auckland

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

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

CHINA

The Langham, Shanghai, Xintiandi

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

Cordis, Shanghai, Hongqiao

After all the facilities at the hotel became fully operational last year, the hotel continued to build momentum in increasing its revenue and was gradually gaining market share during 2019. As a result, there was good improvement in occupancy, which increased by 10 percentage points in 2019, while average room rate rose by 1% during the year. Revenue from F&B rose by 21% in 2019 due to improved restaurants business. The Chinese restaurant was awarded with 2 diamonds by Black Pearl restaurant guide in January 2019 and was awarded one Michelin Star for 2020.

HOTEL MANAGEMENT BUSINESS

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

2. INCOME FROM CHAMPION REIT

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

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

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

Three Garden Road

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

Langham Place Office Tower

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

Langham Place Mall

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

3. DISTRIBUTION INCOME FROM LHI

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

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

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

Performances of the Hong Kong hotels below were extracted from the 2019 annual results announcement of LHI relating to the performance of the trust group's properties.

	Average Daily Rooms Available		Occupancy		Average Room Rate (in HK$)		RevPAR (in HK$)	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
The Langham, Hong Kong	**497**	498	**75.3%**	91.2%	**1,955**	2,336	**1,472**	2,130
Cordis, Hong Kong	**667**	666	**73.1%**	95.0%	**1,656**	1,806	**1,210**	1,715
Eaton HK	**465**	405	**71.6%**	87.0%	**950**	1,114	**679**	969

The Langham, Hong Kong

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

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

Cordis, Hong Kong

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

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

Eaton HK

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

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

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

4. RENTAL INCOME FROM INVESTMENT PROPERTIES

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

Great Eagle Centre

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

Office Space at Great Eagle Centre	As of Dec 2019 (sq. ft.)	As of Dec 2018 (sq. ft.)
Total lettable area	**173,308**	173,308
Space occupied by the Group	**58,879**	42,945
Available lettable area	**114,429**	130,363

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

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

Eaton Residence Apartments

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

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

5. OPERATING INCOME FROM OTHER OPERATIONS

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

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

U.S. FUND

The Group has established a U.S. Real Estate Fund in 2014, which targets at office and residential property investments in the United States. As at the end of December 2019, the Group held 49.97% interest in the U.S. Fund and acts as its asset manager with a 80% stake in the asset management company, and the remaining interest was held by China Orient Asset Management (International) Holding Limited.

While the financials of the U.S. Fund are consolidated into the Group's financial statements under statutory accounting principles, the Group's core profit is based on distribution received from the U.S. Fund, as well as our share of asset management fee income from the U.S. Fund. The Group's core balance sheet is based on our share of net asset in the U.S. Fund. Since the establishment of the U.S. Fund, it has already disposed of three office buildings by the end of 2016 and disposed of its remaining office building during 2019. The progress of other projects still held by the U.S. Fund are as follows:

The Austin, San Francisco
The site, located at 1545 Pine Street, San Francisco was acquired in January 2015. The site is situated in the trendy Polk Street neighbourhood, in proximity to the traditional luxury residential areas of Nob Hill and Pacific Heights, and within easy reach from the burgeoning technology cluster in Mid-Market. The development with gross floor area of approximately 135,000 sq. ft. comprised 100 studio, one- and two-bedroom residences. The project was completed in December 2017 and was highly acclaimed by Wallpaper Magazine as an embodiment of Californian modernism. Out of 100 units, 91 were sold and handed to buyers by the end of 2019. The profitability of this small project would be minimal.

Cavalleri, Malibu
The acquisition of the residential property with 68 rental apartment units in Malibu, California was completed in September 2015. Malibu is a sought-after high-end coastal residential area in Los Angeles, where regulatory development constraints establish high barriers to entry and currently no similar competing properties are available for sale or under development. The U.S. Fund has successfully repositioned the units to high-end products with renovation works completed in 2018. Since offers received so far for an en-bloc sale of the project did not meet our minimum acceptable price, the U.S. Fund has decided to change its strategy to lease out the units as luxury rental apartments instead. Thus far, 10 leases were signed with another 2 leases under active negotiations.

Dexter Horton, Seattle

The office building in Seattle that the U.S. Fund acquired is known as the Dexter Horton Building, a historic building named after the founder of Seattle First Bank. It is a 15-storey building with a rentable floor area of 336,355 sq. ft. located at 710 Second Avenue in Seattle's central business district. The building was acquired by the U.S. Fund for US$124.5 million in September 2015.

The U.S. Fund had successfully completed its value-added strategy on this building by reshuffling the tenant mix towards more of tenants from technology sector who pay higher rents. It took advantage of a strong office market in Seattle, and disposed of the property for US$151 million in December 2018 with closing of the sale in January 2019. However, the U.S. Fund has decided not to make a distribution in 2019 in order to retain liquidity in case of difficulty in loan refinancing in relation to the U.S. Fund's other development projects.

DEVELOPMENT PROJECTS

HONG KONG AND CHINA

ONTOLO, Pak Shek Kok

In May 2014, the Group successfully won the tender of a 208,820 sq. ft. prime residential site in Pak Shek Kok, Tai Po, Hong Kong. Based on a total permissible gross floor area of 730,870 sq. ft. and HK$2,412 million paid for the site, this translated to a price of HK$3,300 per sq. ft., and it was the lowest price paid on a per sq. ft. basis for a residential site in the vicinity. The site commands spectacularly unobstructed sea views over Tolo Harbour and has been earmarked for a luxury residential development with 723 units. The total development cost, including the payment of HK$2,412 million for the site, is expected to be approximately HK$7,000 million.

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

Dalian Mixed-use Development Project

The project is located on Renmin Road in the East Harbour area of Zhongshan District, the central business district of Dalian, Liaoning Province. It has a total gross floor area of approximately 286,000 sq. m. and comprises 1,200 high-end apartments and a luxury hotel of approximately 360 rooms. The Group has an equity interest in the project, investment in the preferred shares of the project and acts as the project manager. The project has been developed in two phases: Phase I comprises approximately 800 apartments and Phase II comprises the remaining apartments and the hotel.

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

JAPAN

Tokyo Hotel Redevelopment Project

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

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

Artistic rendering only

UNITED STATES

San Francisco Hotel Development Project, 1125 Market Street

The Group acquired a site in San Francisco for US$19.8 million in May 2015. The land located at 1125 Market Street was the last remaining vacant lot in San Francisco's Mid-Market district and is situated opposite to San Francisco's City Hall.

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

Artistic rendering only

San Francisco Hotel Redevelopment Projects, 555 Howard Street

555 Howard Street is a redevelopment project located right across the new Transbay Transit Center, the recently launched US$4.5 billion transportation hub, in the heart of The East Cut San Francisco's new central business district in the South of Market (SOMA) area. The Group completed the acquisition of this untitled site with an estimated gross floor area of 430,000 sq. ft. for US$45.6 million in April 2015.

The world renowned international architecture firm Renzo Piano Building Workshop has been commissioned to design this prestigious project in collaboration with the acclaimed California architect Mark Cavagnero Associates. After a change in plan, the revised plan is to build a hotel with 400+ keys. Entitlement for the all hotel scheme was submitted in December 2018. Meanwhile, we are currently reassessing the project's returns given escalated construction costs in San Francisco.

Artistic rendering only

Seattle Development Project, 1931 Second Avenue

The Group acquired a site in downtown Seattle for US$18 million in December 2016. The site is located at one of the highest points of downtown Seattle and near the famous Pike Place market. The site has an area of approximately 19,400 sq. ft. Although the Seattle site has already been approved for the development of a hotel, we are evaluating an opportunity to expand the development's floor area, and incorporate residential component to the project, so as to further enhance the financial attractiveness of the project. We have again brought in world renowned architect, Kengo Kuma & Associates, to design this landmark mixed use development project. Design on the project is progressing well and assuming the revised development proposal, which will increase the current plot ratio of the project, is approved in 2020, we expect development entitlement can be obtained by the first quarter of 2021.

EUROPE

Venice Hotel Development Project, Island of Murano

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

FINANCIAL REVIEW

DEBT

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

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 31 December 2019 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK$68,922 million, representing a decrease of HK$431 million compared to the value of HK$69,353 million as of 31 December 2018. The decrease was mainly attributable to valuation loss of investment property, distribution of dividends and increase in share premium from additional shares issued under employee share option scheme during the year.

For statutory accounts reporting purpose, on consolidation the Group is treated as to include entire debts of Champion REIT, LHI and the U.S. Fund. Based on the consolidated net debts attributable to the Group (i.e only 66.22%, 63.45% and 49.97% of the net debts of Champion REIT, LHI and the U.S. Fund respectively) and equity attributable to shareholders, the gearing ratio of the Group as at 31 December 2019 was 19.6%. Since the debts of these three subsidiary groups had no recourse to the Group, we consider it is more meaningful to account for the Group's own net debts instead of attributable consolidated net debts against the Group's sharing of net assets of those subsidiaries, and the resulting net position is illustrated below.

Net Debt / (Cash) at 31 December 2019	**On Consolidated Basis HK$ million**	**On Core Balance Sheet Basis HK$ million**
Great Eagle	291	291
Champion REIT	13,290	–
LHI	7,076	–
U.S. Fund	(188)	–
Net debts	20,469	291
Net debts attributable to Shareholders of the Group	**13,487**	**291**
Equity Attributable to Shareholders of the Group	**68,922**	**77,397**
Net Gearing ratio^	**19.6%**	**0.4%**

^ Net debts attributable to Shareholders of the Group / Equity Attributable to Shareholders of the Group.

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

INDEBTEDNESS

Our gross debts (including medium term notes) after consolidating Champion REIT, LHI and the U.S. Fund amounted to HK$31,343 million as of 31 December 2019. Bank loans amounted to HK$18,231 million were secured by way of legal charges over certain of the Group's assets and business undertaking.

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

(1) All amounts are stated at face value.
(2) All debt facilities were denominated in Hong Kong Dollars except for (3) and (4) below.
(3) Equivalence of HK$5,050 million loans were originally denominated in other currencies.
(4) Included a US dollars note of principal amount of US$386.4 million, conversion of which was fixed at an average rate of HK$7.7595 to US$1.00.
(5) Included floating rate debts which have been swapped to fixed rate debts. As at 31 December 2019, the Group had outstanding interest rate swap contracts of notional amount HK$8,375 million to manage the interest rate exposure. The Group also entered into cross currency swaps of notional amount equivalent to HK$1,745 million in total, to mitigate exposure to fluctuations in exchange rate and interest rate of Japanese YEN.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 31 December 2019, our cash, bank deposits and undrawn loan facilities amounted to a total of HK$17,327 million. The majority of our loan facilities are secured by properties with sufficient value to loan coverage. The following is a profile of the maturity of our outstanding gross debts (including medium term notes) as of 31 December 2019:

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

FINANCE COST

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

PLEDGE OF ASSETS

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

COMMITMENTS AND CONTINGENT LIABILITIES

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

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

OUTLOOK

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

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

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

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

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

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

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

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

Lo Ka Shui
Chairman and Managing Director

Hong Kong, 25 February 2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Great Eagle Music Children Ensemble

Say No to Plastic Project

Round the Bays Charity Run

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At Great Eagle, Corporate Social Responsibility (CSR) is a concept whereby we would integrate social and environmental concerns in our business operations. Our commitment to this concept is long-standing as we believe that CSR could:

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

The above belief is harnessed into our CSR Vision- "*Create Value, Improve Quality of Life*".

Reporting Approach & Boundary

This report (the "ESG Report") is prepared in accordance with the HKEX's Environmental, Social and Governance ("ESG") Reporting Guide and satisfies the "comply or explain" provisions of it. Regarding the corporate governance of the Group, please refer to the separate Corporate Governance Report contained in the Annual Report of the Company.

The ESG report is structured according to the ESG subject areas as stipulated in the Guide:

- Environmental
- Social
    - o Employment and Labour Practices
    - o Operating Practices
    - o Community

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

The report focuses on the Group's environmental and social performance of our major businesses, including development, investment and management of hotels and properties. The boundary is determined based on our control and significant influence.

Our Hotels Division, Langham Hospitality Group, annually issues their sustainability report which reviews their current systems and performance, as well as sets out their environmental and social objectives for the coming years.

Our CSR commitment extends to support the UN Global Compact which encourages business worldwide to adopt CSR policies. It also drives business awareness and action in support of achieving the Sustainable Development Goals (SDGs) by 2030. Based on our business focus, we have identified the relevant SDGs that we believe are most closely related to us. They are:

SDGs		Cross reference in this report
3 GOOD HEALTH AND WELL-BEING	Good Health & Well-Being	• Health & Safety • Work-life Balance
5 GENDER EQUALITY	Gender Equality	• Employment
6 CLEAN WATER AND SANITATION	Clean Water & Sanitation	• Community Engagement
8 DECENT WORK AND ECONOMIC GROWTH	Decent Work & Economic Growth	• Employment • Development and Training • Superior Quality Services
11 SUSTAINABLE CITIES AND COMMUNITIES	Sustainable Cities & Communities	• Environmental Policy and Impact Assessment • Green Champion Working Group • Environmental Measures
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible Consumption & Production	• Anti-corruption and Supply Chain Management
13 CLIMATE ACTION	Climate Action	• Environmental Policy and Impact Assessment • Green Champion Working Group • Environmental Measures

CSR GOVERNANCE & MANAGEMENT

Governance and Management Approach

Supporting our CSR vision is a strong CSR governance and Management framework which encompasses the following elements:

- The Board: the Board of Directors oversees the broader CSR trends and is responsible for the Group's ESG strategy and reporting. Identifying, evaluating and managing ESG related risks and day-to-day responsibility for all CSR related matters are delegated to the CSR Steering Committee which regularly reports the progress to the Board;

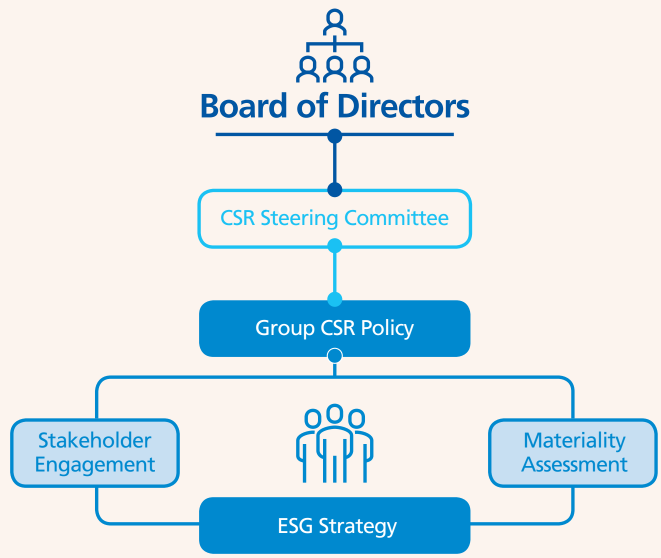
- The CSR Steering Committee: the Committee is responsible for enabling our Group to take responsibility for CSR impacts of our decisions and activities, and for integrating CSR throughout the organisation. The Committee is chaired by the Board Executive Director and comprises management from key areas of the Group, serving as a senior level working group for determining the Group's CSR direction;

- The Group CSR Policy: the Committee has formulated the Group CSR Policy, which provides a robust framework and direction to implement CSR and embed CSR into our organisational culture (the Policy is posted on the corporate website);

- Stakeholder Engagement and Materiality Assessment: in order to sort out priorities of the Group's high-risk ESG issues, the Committee implements a risk management approach which involves "stakeholder engagement" and "materiality assessment"; and

- ESG Strategy: based on the results of the stakeholder engagement and materiality assessment, an ESG strategy is developed to enable the Group to focus our efforts and sets up targets to manage the high-risk ESG issues.

CSR Governance & Management Framework



Stakeholder Engagement

To understand stakeholders' expectations and identify the high-risk ESG issues, the Group needs to consider views from the internal and external stakeholders. The Committee engages the Group's key stakeholders periodically in order to identify the important ESG issues and prioritise the risk level of them. In the recent engagement the Committee commissioned an independent consultant to provide an impartial assessment with the key stakeholders. The following table shows the key stakeholders engaged and the respective engagement method:

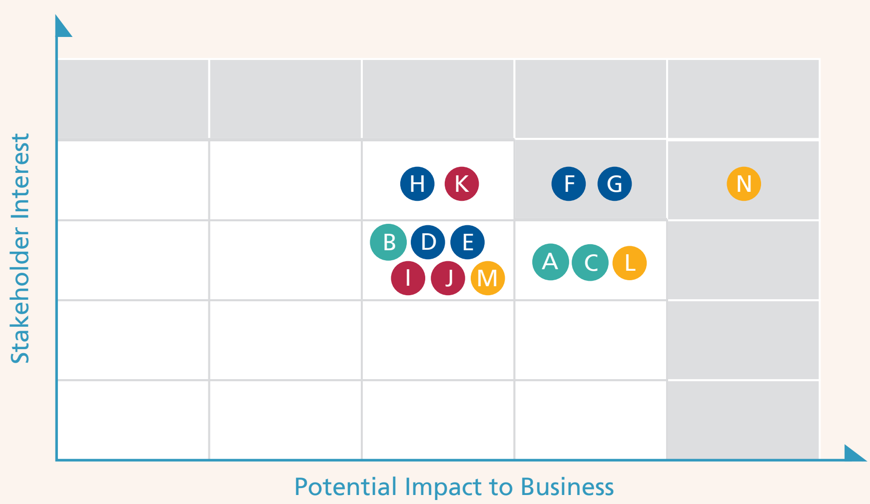
Stakeholder	Engagement Method
Employees	Focus Group
Tenants Suppliers Investors Media	Phone Interview

Materiality Assessment

In the stakeholder engagement exercise, the stakeholders were asked to rate a list of ESG issues in terms of the relevance and importance to the Group's CSR development, and the Aspects as laid down in HKEX's ESG Reporting Guide. The Committee conducted a materiality assessment which defines the level of risk by considering "Stakeholder Interest" as rated by the stakeholders and "Potential Impact to Business" as evaluated internally. A strategy was formulated to focus the Group's efforts on the top three high-risk ESG issues as determined from the assessment.

The materiality assessment matrix, the top three high-risk ESG issues and related targets are presented as follow:

Materiality Assessment



Will be focused in the coming years

Will be closely monitored

Enviromental

- **A** Climate change
- **B** Waste management
- **C** Use of energy and water

Social

Employment & Labour Practices

- **D** Anti-discrimination
- **E** Diverse workforce
- **F** Employee satisfaction
- **G** Health and safety at work
- **H** Training and development

Operating Practices

- **I** Supply chain influence
- **J** Anit-corruption
- **K** Customer satisfaction

Community

- **L** Project sponsorship
- **M** Staff volunteering
- **N** Communication

High-risk ESG Issues Targets

Employee Satisfaction	• Review to enhance staff benefits • Organise CSR activities, interest classes, sports clubs and recreational events
Health & Safety at Work	• Launch health & safety campaign such as wellness and exercise month • Promulgate the importance of physical and mental wellness and share healthy tips in our workplace
Communication	• Communicate with colleagues through social media platforms • Timely update media of our CSR news

Along with the top three high-risk ESG issues as determined in 2018, the Group continued to manage three other ESG issues which were identified as high-risk in the previous risk assessments. They are Environmental Protection, Supply Chain Influence and Community Involvement:

High-risk ESG Issues	Targets
Environmental Protection	• Maintain EarthCheck Certification for the hotels and implement green practices. • Obtain green building rating schemes for the new properties. • Maintain ISO 14001 Environmental Management System for the existing properties and implement green practices.
Supply Chain Influence	• Ensure the suppliers read the Supplier Code of Conduct and fill in the e-checklist.
Community Involvement	• Based on the three Thematic Sponsorship themes, partner with NGOs to design deserving projects. • Organise meaning volunteer activities for the colleagues to contribute to the community.

CSR Culture

To achieve our CSR vision, we believe nurturing a CSR culture in our Group is a crucial factor. To this end:

- we convey CSR in a friendly and funny way by branding our CSR approach as "CSR Action", which consists of seven "Great Action" icons to represent our CSR commitments in human rights, labour practices, the environment and so forth;

- CONNECT is the corporate sustainability programme of our Hotel Division. The Programme is composed of four focus areas namely Environment, Community, Colleagues and Governance. They shape the balanced thinking and actions to bring the Division to become a sustainable company; and

- This year, the Division conducted an extensive review on the CONNECT Strategy to meet not only the current but also the future stakeholders' expectations. A series of workshops, interviews and survey with the key internal and external stakeholders were completed to shape the 10-year sustainability strategy. For more details on the 2030 CONNECT Strategy, please refer to the Hotel Division's 2019 Sustainability Report.

ENVIRONMENTAL

The Group strives to establish excellence in environmental responsibility. Backed by our devoted teams, we promote diversified green initiatives in our properties and develop green buildings in order to protect the environment.

Environmental Policy and Impact Assessment

Environmental protection is a key component of our Group CSR Policy. Under the Policy, we are committed to complying with all related environmental legislations, keeping the environmental footprint of our operations to a minimum and mitigating the significant impacts of our operations on the environment. The Policy also lays down a framework for each division to establish their own environmental policy.

In order to minimise our significant environmental impacts, related divisions have established their environmental management system. The systems enable us to identify our significant environmental impacts through environmental impact assessment such that measures to mitigate our adverse impacts could be determined. Through the latest assessment, we identified energy consumption, carbon emission and water consumption as our significant aspects which require managing actions in the Group (the impact of non-hazardous waste produced is relatively less significant in our operations as compared with the above three environmental aspects; since our business nature does not involve manufacturing, we do not produce hazardous waste and packaging material used for finished products). Relevant environmental laws and regulations related to the significant aspects including GHG Protocol Corporate Accounting & Reporting Standard, local carbon emission reduction guidance, building energy and water efficiency regulations are complied with.

Green Champion Working Group

Aiming to cultivate a green culture within the Group, the Green Champion Working Group is formed by nominated Green Champions from each division. It holds green awareness campaigns every year and acts as a platform for Green Champions to share and learn green practices among each other. The following green awareness campaigns were launched in the year:

- Exchange Corner: the campaign targeted to promote the concept of "reuse" by asking our colleagues to exchange their items they no longer needed with the others instead of disposing them to the landfill. After the exchange, the remaining items were donated to The Salvation Army for charity cause;

- Water for Free: in support of our sponsored project with Water for Free, (please refer to section "Community" for details), we organised various activities for the colleagues to participate in this green movement. Activities included promoting Water for Free Mobile app and holding "Urban Farming x Plastic Upcycling Workshop"; and

- Mooncake Collection Campaign: we supported Food Angel's Mooncake Drive by collecting surplus mooncakes from our colleagues and tenants. Food Angel in turn distributed the mooncakes to people in need.

Exchange Corner

Environmental Measures

Our Hotel Division has been implementing a systematic approach in managing environmental issues at the hotels through the partnership with EarthCheck, which is the leading international sustainability benchmarking and certification service for the travel and tourism industry. Its standard aligns with international frameworks such as the Sustainable Development Goals (SDGs) and International Organisation for Standardisation (ISO). EarthCheck Certified is also accredited by the Global Sustainable Tourism Council (GSTC).

In 2019, four hotels obtained its EarthCheck Platinum Certification which recognises their sustainability efforts for at least ten years. In addition, there were four hotels that received Gold Certified status, four hotels with Silver Certified, and one hotel with Bronze Benchmarked.

In order to reduce energy consumption, carbon emission and water consumption, the Division takes the following green practices:

- optimises the operational efficiency of plant and equipment and upgrades systems under major refurbishment;
- retrofits LED light and upgrades HVAC systems to improve electricity efficiency;
- installs water saving fixtures in guest rooms, public toilets and kitchens across the hotels and raises colleagues' awareness on water conversation;
- holds "lights out" campaign in support of the Earth Hour movement; and
- offers sustainable seafood or meatless dishes at the restaurants and colleague cafeterias to promote healthy green diet during "Loving Earth Month".

Earth Hour

Nurturing a green corporate culture in our hotels is vital for moving environmental protection forward. As such, the Division implemented other green measures this year:

- most of the hotels have phased out disposable plastic straws, cocktail sticks, stirrers, bags and so forth. Starting this year, The Langham and Cordis hotels in Shanghai would provide disposable in-room amenities to guests only upon request;
- to involve the colleagues in the phasing out single-use plastics movement, all hotels held a Plastic Free Challenge for the colleagues to avoid using single-use plastics in their daily life this year. The campaign also asked them to inspire their family and friends by sharing their experience through social media platforms; and
- Eaton DC announced their decision to go beef-free for two months in October. The decision to make this change was in response to the massive fires destroying the Amazon rainforest and the effect on the lives of the indigenous residents.


Plastic Free Challenge

Case Study – Plant-based Alternatives Promotion

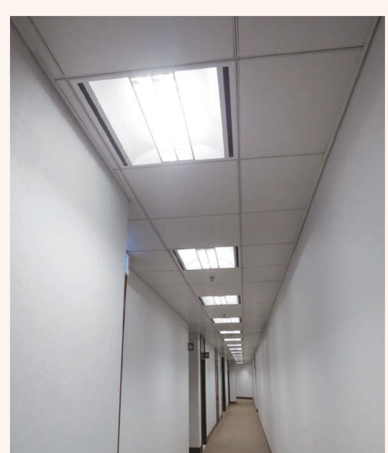
Our Hotel Division understands that meatless and dairy-free diet can contribute to greenhouse gas reduction and thus combating the global climate change. Therefore, they have been promoting Green Monday to their guests and colleagues since 2013. This year, their Michelin starred Ming Court at Cordis, Hong Kong had a new collaboration with Right Treat, a social enterprise which creates plant-based pork. Ming Court's Executive Chef curated a series of traditional Guangdong dishes with the plant-based pork, promoting a healthy diet and sustainable food choices.

Rising Star Chinese Culinary Competition

The Division's partnership with Right Treat has been extended to the Greater China region. The Langham and Cordis hotels in Shanghai have introduced Omnipork as an ingredient at the Rising Star Chinese Culinary Competition, the Division's annual event to enhance the professionalism of the young Chinese chefs at the hotels. The talented chefs demonstrated their creativity in using this brand new plant-based alternative for traditional Cantonese dishes.

Our Property Management Division also strives to mitigate their significant environmental impacts as well as improve their environmental performance. As such, the Division has:

- attained the highest rating – Final Platinum under BEAM Plus EB V2.0 Comprehensive Scheme for Langham Place Mall;
- implemented ISO 14001 Environmental Management System Standard at the properties they manage;
- formulated a Green Purchasing Policy for the colleagues, tenants, contractors and suppliers as a reference for making green purchasing decisions;
- retrofitted fluorescent luminaries/metal halide lights to LED luminaries fitted with motion sensors at staircases, corridors and lavatories;
- installed Variable Speed Drive (VSD) for chilled water pumps and air handling units;
- installed vertical gardens and eco farms at rooftop;
- participated in Earth Hour whilst encouraged the retail tenants, office occupiers and shoppers to join the meaningful event;
- placed recycling station in shopping mall and office buildings;
- installed automatic low flow water faucet for wash basin; and
- drawn underground water for irrigation.



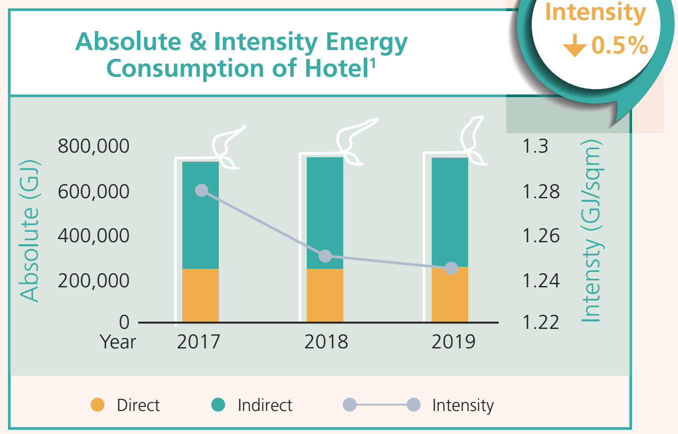
Retrofit of Fluorescent Luminaries to LED Lights

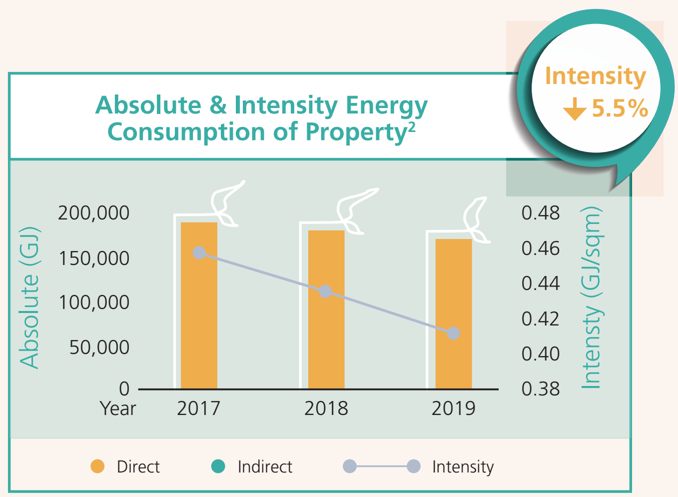
To protect the environment, Property Management Division understands it cannot be done solely by themselves and must seek partnership with the tenants. In view of this, the Division has:

- introduced a few recycling initiatives to collect used paper, glass containers, computers, red packets and mooncake boxes from the tenants;
- collected used books and stationery from the tenants for donation to charities;
- co-organised "Food Waste Recycling Partnership Scheme" with Environmental Protection Department and Green Council for the F&B tenants to participate in; and
- organised "Mindful Eating" event to practice mindful eating, served with green and healthy food with the tenants.

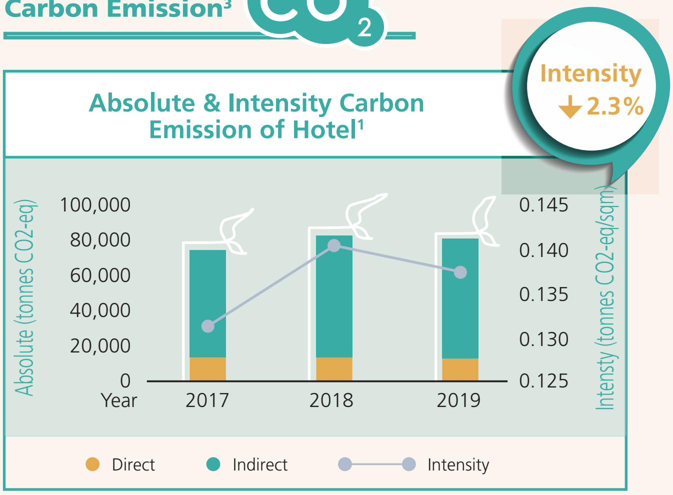
Mindful Eating Event

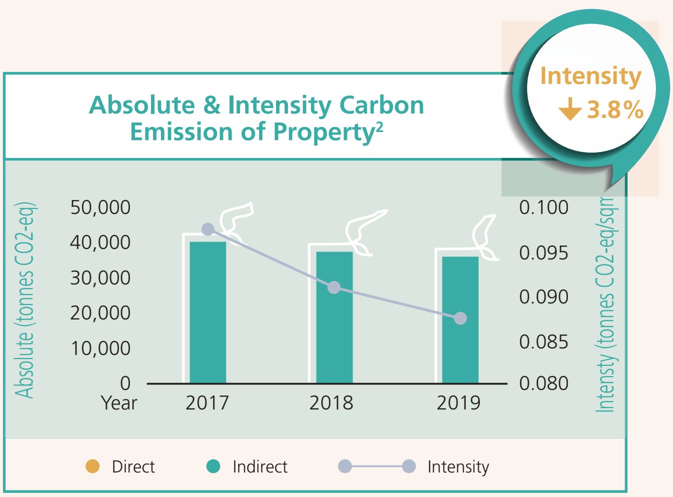
Energy Consumption



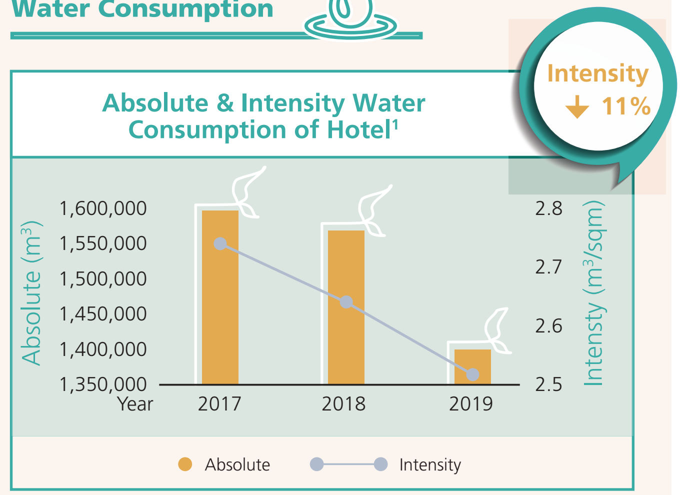


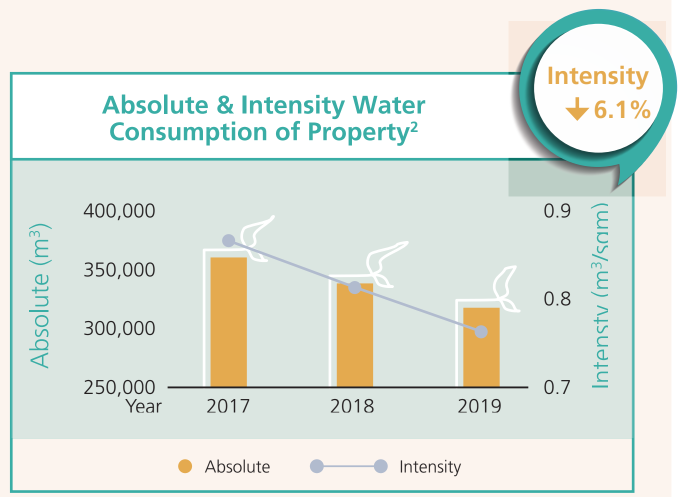
Carbon Emission[3]





Water Consumption





Notes:

1. Hotel includes owned hotels only.

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

3. Scope 3 carbon emissions are not reported as the data is not material due to the nature of our businesses.

Our Development and Project Management Division is committed to pursuing environmental initiatives as an integral part of the development and project management process. They consider the environmental impacts throughout the planning, design, construction, and operational phases of the hotel, office, retail and residential assets. The Division researches building rating schemes for each of our projects, which are appropriate for the specific assets. For example:

- San Francisco: our developments in the area, namely the Langham Hotel San Francisco on Howard Street and the Eaton hotel on Market Street, are being designed to achieve LEED Accreditation;

- Washington DC: the Eaton Hotel was redeveloped last year and is now in full operation with LEED Gold Accreditation. Sustainable property development, operation and lifestyle, are firmly aligned with the values of The Eaton brand; and

- Hong Kong: the Ontolo residential development in Pak Shek Kok, Tai Po, comprising over 700 luxury residential units, is following the BEAM Plus certification process (Gold) and was designed to comply with the Sustainable Building Design Guidelines.

The Division has started implementing cloud based management systems which could reduce the environmental impacts during the design planning and construction phases of project development. Business processes are being improved with process inefficiencies being designed out by new systems.

Looking forward our property developments in the future will continue to seek out new standards, methods and materials to minimise negative impacts and enhance positive contributions to environmental control and sustaining quality of life.

In our corporate office, Administration Division implements green practices according to the slogan "ER3" (Environmental Protection, Recycle, Reduce and Reuse). One major initiative this year was the corporate office workplace transformation. Many environmental and wellbeing actions have been taken in the process:

- daylighting design office provides effective internal lighting and energy usage;
- green space with plants improves air quality and removes impurities;
- establishment of collaboration areas, staff lounge and town hall encourage colleagues' engagement and interaction;
- efficient automated lighting control systems are installed in meeting rooms and restrooms;
- HEPA filters and air quality monitors are installed in the office;
- melamine faced chipboard are used as material for desks, tables and cabinets so as to reduce VOC from paints and coatings;
- certified carpet cleaner which complies with international environmental standards is used; and
- all used furniture is donated to a second hand furniture company which renews and upcycles the furniture and sell to young entrepreneurs at low cost.

Workplace Transformation

SOCIAL

Employment and Labour Practices

Our human capital is the backbone to our sustainable success. We are determined to reward our committed workforce with above par benefit packages and well-rounded development programmes. We also have in place a variety of policies and initiatives in creating a safe, people-caring and equal opportunities working environment.

Employment

The Group is committed to providing lawful and proper employment that signifies human development. International Labour Organisation Conventions on Employment and relevant local employment laws and regulations are fully complied with. To ensure the commitment and compliance:

- our Employee Handbook, which was drafted with reference to related labour standards, ensures our employment and labour practices comply with relevant employment laws and regulations;
- the Handbook sets out our policies relating to recruitment, promotion, working hours, rest periods, welfare as well as grievance mechanism, and it is communicated to our colleagues through company orientation; and
- Child labour and forced labour across our operation and supply chain are strictly prohibited and our Group CSR Policy stipulates such requirements. Human Resources Division would monitor the employment practices and conduct investigation if there is any violation in the operations.

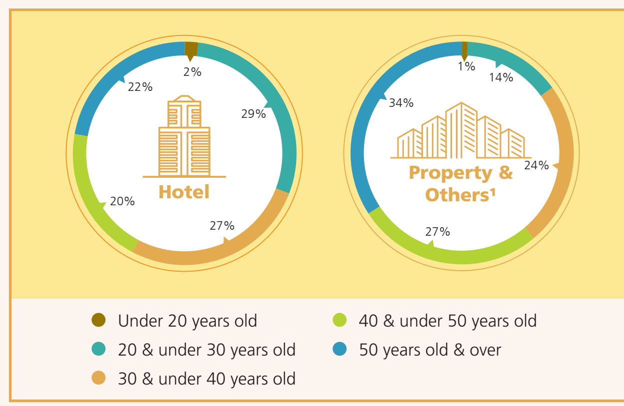
We are committed to providing a fair working space by adhering to United Nations International Bill of Rights and local anti-discrimination laws. A diverse workforce is also encouraged to increase our creativity and competitive advantages. In order to achieve this:

- we monitor our diversity profile through our workforce profile review which includes the distribution of age, gender and geographical region; and
- 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 (the Policy is posted on the corporate website).

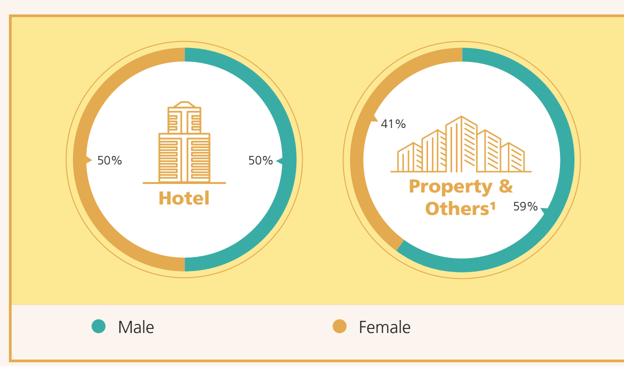
During the year, neither did we receive any human rights violations nor labour standard non-compliance.

Supporting employment of persons with disabilities, we have participated in Labour and Welfare Bureau's Talent-Wise Employment Charter & Inclusive Organisations Recognition Scheme. One of our practices is the partnership of our Hotels Division with Hong Chi Association, Heep Hong Society and the Caritas Vocational Training Centre in Hong Kong. The trainees work in hotels' 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.

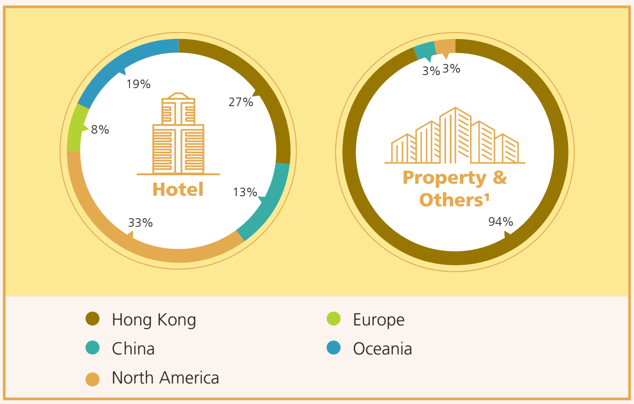
Total Workforce by Age Group



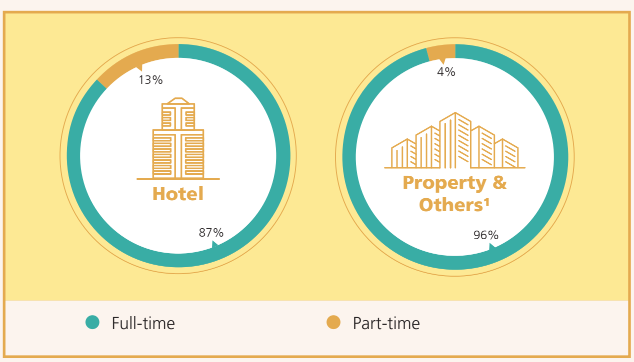
Total Workforce by Gender



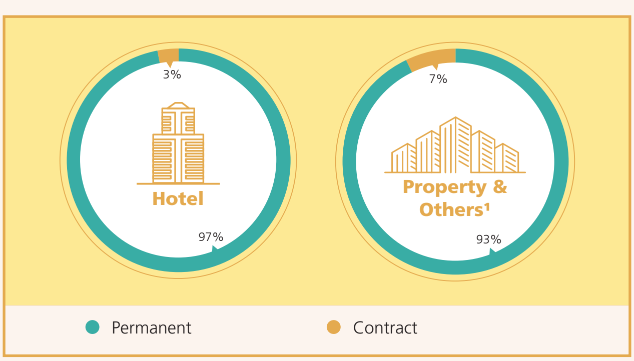
Total Workforce by Geographical Region



Total Workforce by Employment Type



Total Workforce by Employment Contract



Note:

1. Property & Others include businesses such as property development, property management, maintenance and property agency services, sales of building materials, restaurant operation and investment in securities.

Health and Safety

Aside from creating a fair workspace, as stated in the Group CSR Policy, we strive to provide a healthy and safe working environment and protect our colleagues from occupational hazards. All risks to our colleagues' health and safety at work are properly controlled whilst International Labour Organisation Convention "Occupational Safety and Health Convention" and relevant local laws and regulations are fully complied with.

Our Hotels Division has implemented the following health and safety measures:

- the group-wide Occupational Health and Safety Policy stipulates all hotels to maintain an effective and efficient health and safety management system with policies, committees, training and incident reporting mechanism;
- the senior management, human resources directors and security departments of the hotels are responsible for implementing and monitoring the system;
- the effectiveness of the system is monitored in conjunction with the Key Performance Indicators (KPI) System which allows the improvement teams analyse the data, find the root causes of the problems, run improvement action plans and follow up on the results; and
- colleagues' wellness is promoted globally through the annual Global CONNECT event-Colleague Wellness Week, which is dedicated to enhancing awareness of colleagues on their wellbeing and supporting them in developing a healthy lifestyle. Health promotion programmes such as nutritional meal at colleague cafeteria, Stress Management and Mental Health workshops, 10,000 Steps Challenge as well as Yoga and Zumba classes were organised.

Plank Challenge

Yoga Class

This year, the Division also launched other health and safety initiatives:

- to raise colleagues' awareness and on-going best practices, sharing on health and safety is the Division's top priority. Health & Safety training on fire protection, material handling, blood borne pathogen, bomb threat, crowd control and so on were arranged. The colleague are also well trained to follow all OH&S policies & procedures and report all known or potential safety risks and health hazards to the supervisors as required; and

- the Division launched the first Risk Preparedness Video Competition to cultivate the culture of risk preparedness for the colleagues and guests. Each hotel had created fun videos to promote how the colleagues prepared for and managed risks to life and safety when natural disasters happened. The commonly found natural disasters included earthquake, typhoon, hurricane and snowstorm.


Health & Safety Training


Risk Preparedness Video Competition

Our Property Management Division manages the health and safety risks to the colleagues, tenants and shoppers through the establishment of an occupational health and safety management system, which is set up in accordance with ISO 45001 standard. Following the management system, the Division:

- identifies health and safety hazards which are in turn managed by the operating procedures and safety devices;

- establishes Safety Committees to implement action plans and review effectiveness of the management system in order to achieve zero accident;

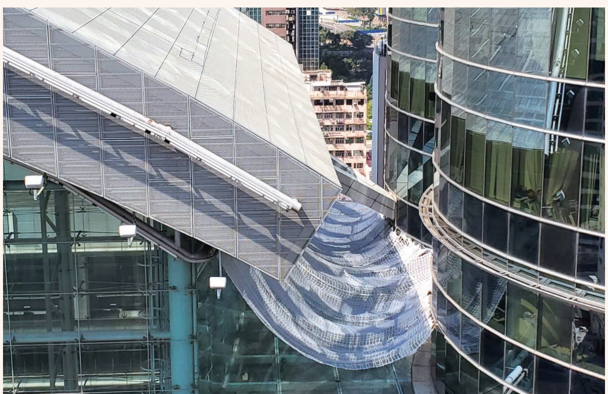
- uses checklists to inspect high risk activities such as construction work, working in confined space, installing electrical systems and manual handling; and

- provides training courses such as monthly safety induction training, first aid and AED certification training, and field demonstration to the frontline staff.


Safety Inspection

This year, to further enhance health and safety at the properties, the Division implemented the following measures:

- to protect the skylight glass panes from falling objects at the Atrium of Langham Place Retail Tower during typhoon condition and strengthen public safety, a catching net was designed and erected above the skylight between the Retail and Office Towers;
- to strengthen safe operation of the passenger & service lift system in Langham Place, safety enhancement features for the lifts were upgraded;
- to enhance safety all the colleagues working at carpark, their uniform was redesigned by adding reflecting strips on both sides of it; and
- to relieve stressful muscle and minimise occupational injury, the colleagues were encouraged to do warm up stretching exercises before commencement of work or during resting breaks.



Catching Net at Langham Place

Reflecting Strips on New Carpark Uniform

Case Study – Wellness Festival

Our recent materiality assessment has identified "Health & Safety at Work", particularly "health" at corporate level as a material issue. To manage it, this year, our Corporate Office signed the government's "Joyful@Healthy Workplace" Charter, pledging to promote healthy eating, physical activity and mental well-being in our workplace. In addition, we launched "Wellness Festival" which aimed to assist our colleagues to make healthy choices in their daily life. During the two-month campaign, a series of workshops were organised such as Health Index Measurement, 10-minute Exercise, Chair Yoga, Massage and Mental Health First Aid. Wellness tips were also communicated to the colleagues through email. Many colleagues participated in the Festival and gave positive feedback to the event.

10-minute Exercise

Chair Yoga

Work Related Fatalities & Lost Working Days Due To Injuries

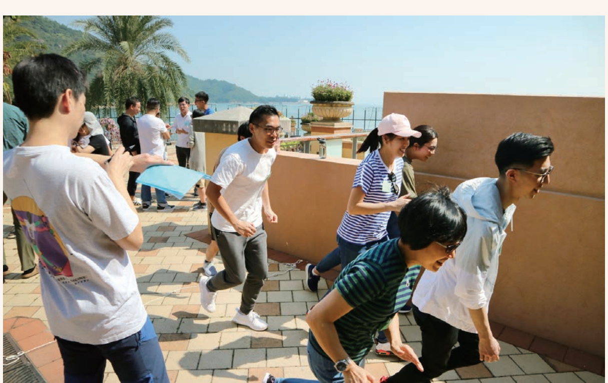
	Hotel			Property & Others[1]		
	2017	2018	2019	2017	2018	2019
Total workforce hours (in thousands)	16,916	15,683	10,797	2,027	1,982	1,884
Number of fatalities	0	0	0	0	0	0
Lost working days due to injuries	4,507	4,594	4,907	397	641	1,131

Note:

1. Property & Others include businesses such as property development, property management, maintenance and property agency services, sales of building materials, restaurant operation and investment in securities.

Development and Training

Provision of opportunities for training and development has become a key factor to attract and retain staff. Apart from offering a competitive compensation and benefits package, we provide corporate and vocational training to our colleagues according to the Training and Development Policy (the Policy is posted on the corporate website). Core training such as "The 7 Habits of Highly Effective People" and "Business Innovation" are held regularly for them to attend. Other learning and development training such as Executive Development Program, Effective Communication Skills, Team Building Workshop, AI Impact & Application Workshop and Introduction to the Personal Data (Privacy) Ordinance Seminar were arranged in the year.


Team Building Workshop

Our Hotels Division is committed to creating an environment for the colleagues to achieve their career aspiration and at the same time, nurturing a team of competent and motivated colleagues. To this end:

- the Division's learning and development programmes are made up of the First60 Certification programme, Langham Curriculum Certification (LCC), and Advanced Programme for Executives (APEX). These programmes enable the colleagues to gain new skills and experiences which would advance them in their current and future jobs;
- the Division launched a global programme on Data Protection and General Data Protection Regulation (GDPR) Awareness Training in all of the hotels as well as the global and regional offices this year. Two levels of training were introduced – general awareness for all colleagues and an advanced version for managers and relevant colleagues who might have the opportunity to handle personal data; and

- The Langham, Hong Kong has expanded its talent development programme with focus on developing and retaining younger talents. "The Graduate Trainee Programme for Rooms Experience Ambassador" is a 24-months programme which assists the younger talents to acquire all-rounded experience in Rooms Division of the hotel. They could acquire unique opportunities to receive rotational training in various roles such as front desk and concierge. "Food & Beverage Supervisory Trainee Programme" has also been initiated this year. The Programme is an 18-months rotation among the three prominent dining outlets of the hotel for the trainees to acquire hands-on experience on the F&B operations.

Data Protection Awareness Training

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

Percentage of Employees Receiving Regular Performance and Career Development Reviews	
Hotel[1]	97%
Property & Others[2,3]	95%

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, maintenance and property agency services, sales of building materials, restaurant operation and investment in securities.

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

Work-life Balance

We recognise that productive employees are those who maintain a healthy work-life balance. To achieve this, our Recreation Committee regularly organises various interest classes and recreational events for the colleagues to participate in. This year, the Committee arranged Local Trip to Wadakiyama and Kaleidoscope Workshop. To encourage the colleagues to exercise regularly and stay healthy, sports clubs such as basketball and running have been established. The clubs would send their teams to participate in competitions and charity runs.

Green Run

OPERATING PRACTICES

Maintaining the highest ethical standards is one of the Group's core values. We strive to engage business partners who could fulfil our CSR values and commitment. We also aspire to be the preferred choice of customers by providing excellent and reliable services.

Anti-corruption and Supply Chain Management

The Group is committed to adhering to the highest ethical standards both in employee and supplier level. We are complied with United Nations Convention "Against Corruption" and relevant local laws and regulations. Measures to ensure our commitment and compliance include:

- all colleagues are given the Code of Conduct and briefed in the company orientation on the requirements which they should adhere to. The Code explicitly prohibits colleagues from soliciting, accepting, or offering bribes or any other form of advantage, extortion, fraud and money laundering. The Code also outlines the Group's expectations on our colleagues with regard to conflicts of interest as well as whistle-blowing procedure. Any colleagues who have engaged or considered engaging in activities that might have conflict with the Group's interests are required to make full disclosure. During the year, we did not receive any non-compliance or fines in this regard (the Code is posted on the corporate website);

- The Group recognises that through leadership and monitoring along the supply chain, we could promote adoption and support of business integrity, fair labour practices (such as prevention of child and forced labour, human rights and health & safety) and environmental protection. In order to manage the social and environmental risks in our supply chain more systematically, the Supplier Code of Conduct is formulated and communicated to the suppliers through tendering documents (the Code is posted on the corporate website);

- to ensure further suppliers' commitment to adopt CSR, the Group has enhanced the process by using a checklist. The checklist is transformed from the requirements as stated in the Supplier Code of Conduct to a Q&A format and sent to the suppliers along with the tendering documents. Response rate and scoring profile are analysed for compliance status, monitoring and implementation improvement. The suppliers are required to fill in the checklist every three years, keeping us informed of their CSR performance status; and

- this year, a "Green Procurement Workshop" was held for our colleagues who involve in procurement decisions or work with the suppliers. The Workshop introduced concept of green procurement and its background, modern approaches to green procurement management and green specifications used in our operations.

Green Procurement Workshop

Superior Quality Services

As our business nature does not involve any manufacturing process, product responsibility issues are not directly related to us. However, we are committed to offering superior quality services to our customers by satisfying their expectations and needs – whether they are guests at our hotels or tenant/shoppers at properties under our management.

The Hotels Division is committed to continuously improving and delivering excellent services to increase guest loyalty. They aim to anticipate even the guests' unspoken needs and provide genuine services in a timely and reliable manner. The colleagues are encouraged to take ownership of guest satisfaction, innovation and excellence. The following measures have been taken to fulfill their pledge:

- the Division implements Mystery Shopper Programme in order to help them to understand what their guests are experiencing, discover which colleague's behaviour should be acknowledged or rewarded, and find out where the sales or customer service journey could be improved;
- the Mystery Shopper Programme leverages well trained professional "shoppers" to interact with the products or services across our hotels and report back with a detailed and objective account of their experience. The results are aggregated and used to identify opportunities for improvement so as to reach the desired and intended guest experience;
- listening to the voice of the customer is equally important, and the Division's Online Guest Satisfaction Survey is an particularly valuable tool for listening to the guests and determining the level of engagement; and
- a new generation of Online Guest Satisfaction Survey was launched in the Hotel Division in 2019. This survey provided a more guest-friendly interface through presenting with more human-focused design. It also included an elevation of analysis and reporting system and a mobile app which empower our frontline colleagues to react quickly to guest experiences.

Our Property Management Division implements ISO 9001 Quality Management System which ensures their services meet the needs of customers and enhance customer satisfaction. Requirements of the system include:

- establishing a Customer Feedback System to collect appreciations, complaints and general enquiries from the customers;
- regularly sending questionnaires to the tenants to obtain their feedback; and
- timely giving feedback to the customers and determining improvement actions.

Other than implementing the quality management system, the Division put in place other measures at Langham Place Shopping Mall to strengthen the customer services:

- launched new self-ordering system, Point Of Sales (POS), at the food court; it allows customers to place order and settle their payment conveniently at the POS or via mobile app through different payment gateways;
- installed coloring washroom signage in the shopping mall in order to provide a clear identification of washrooms for the shoppers; and
- set up Food Tray Return Stations at the food court so as to keep up the tidiness of the food court and save manpower cost.

Point Of Sales System


Colouring Washroom Signage

Case Study – Demand Control Ventilation with IoT Technology at Carpark

Adoption of Internet of Things (IoT) Technology at properties has become a sought-after initiative. The first "IoT-BMS Integration" project for carpark ventilation system in Hong Kong has been implemented at Three Garden Road. This pioneer project monitors the density of carbon monoxide (CO) and temperature inside the carpark by sensors installation. The real-time reading from the sensors could change the speed of ventilation fans from fixed to variable, achieving energy saving without compromising the indoor air quality. The project for ventilation control is estimated to reduce more than 30% of energy and carbon emissions annually.

IoT System and CO & Temperature Sensors

COMMUNITY

Building a better community is our commitment and we seek to achieve this with our community partners through deserving community-caring programmes. We aim to care for our community especially towards those vulnerable groups and the environment, creating communities not just properties.

Community Investment Policy

Our community investment policy focuses on three themes-Art, Children Education, and Environmental Protection:

- we believe art is important to the community. Art could enrich the daily lives of people and promote social progress and cultural development;
- we believe that the world'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; and
- environmental protection is a subject which is essential to our organisational culture and it should be extended to the community at large.

Community Engagement

Based on the themes, we partner with non-profit organisations to design a few deserving projects which would benefit the community. We believe by focusing all of our philanthropic resources – financial, volunteer, and in-kind – on these projects, we could engender greater social impact. The following projects were implemented by us this year:

Art

We continued supporting "Great Eagle Music Children Ensemble", a successful project with Music Children Foundation. The project aimed to enhance the development of young talents from underprivileged background by providing them with attentive and intensive musical training as well as different forms of out-of-classroom exposures. This year, the ensemble was expanded from 32 to 52 members whose musical talents would be further nurtured. The ensemble members would continue developing music as a skill for life as well as creating social impacts by spreading the message of "music changes life".

Great Eagle Music Children Ensemble

Children Education

Dental caries is among the top 10 prevalent diseases worldwide. Factors such as tooth brushing, dietary habits and dental attendance contribute to the caries prevalence among Hong Kong children. Pre-school students, particularly are not eligible to receive free local public dental service. In view of this, we partnered with Department of Paediatrics & Adolescent Medicine of Hong Kong University to launch "Oral Health Services for Preschool Children". The project aimed to educate and improve dental health of pre-school children by organising interactive oral health workshops and in-school oral health assessment for children and educational seminars for teachers and parents.

Oral Health Services for Preschool Children Project

Environmental Protection

"Water for Free Project", which was launched in 2018, provided free water dispensers and education talks to schools and community centers, encouraging the general public to bring their own bottles. As the project had received massive requests from schools and community centers to join, we decided to continue the project and scale up the collaboration in the name of "Say No to Plastic Project". The campaign expanded its service to cover secondary school students and arranged "Urban Farming x Plastic Upcycling Workshop" to deepen the community's understanding of the importance to reduce disposal of plastics. Our Hotel Division offered in-kind support to the campaign by providing Kino, a private theatre at Eaton, Hong Kong, for the opening ceremony.

Say No to Plastic Project

Corporate Volunteering

Corporate volunteering forms another vital element of our community involvement. We encourage our colleagues to explore the community and help people in need by joining volunteering services. One of the volunteering services this year was holding an Easter Party for the Sunshine School of Children's Cancer Foundation. Sunshine School is a 'transitional pre-school project' for young patients who are still receiving treatment (but already discharged from hospital) or in the recovery stage. With the aim to bring positive energy to the Sunshine Kids, the volunteers prepared classroom decorations, designed interesting games and buying lovely presents for the kids. In addition, our colleagues also participated in "Life Buddies – Group Mentoring Scheme" as organised by the Commission on Poverty. The scheme aims to promote youth upward mobility by offering career-focused activities to disadvantaged young students. The volunteers developed a series of activities for the students to understand the property development industry and plan their future career.

Sunshine School Volunteering

Life Buddies – Group Mentoring Scheme

Overseas, The Langham, Huntington, Pasadena volunteers prepared and served meals to families in need at the Pasadena Ronald McDonald House and Union Station Family Center. Cordis, Auckland team raised fund for charities by joining the Round the Bays event which was the largest fun run in New Zealand. Chelsea Hotel, Toronto participated in the BIG BIKE event for its annual fundraiser to support the Heart & Stroke Foundation. The fund ensures critical research in hospitals and universities across Canada could continue.

Ronald McDonald House Volunteering

Big BIKE Event Volunteering

Aside from designing a few deserving projects with non-profit organisations, we endeavour 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 Three Garden Road. Musica del Cuore is a free concert series which transforms the upper ground floor of Three Garden Road 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 whilst visiting guests from other parts of the world could inspire music lovers through cultural exchange.

Musica del Cuore

AWARDS, MEMBERSHIPS & CHARTERS
Awards
Environment

Organizer	Award	Awarded Unit
Bloomberg Businessweek/ Chinese Edition	Outstanding Performance – Sustainability	Great Eagle Group
CarbonCare Asia	CarbonCare ESG Label 2019 – Level 3	Great Eagle Group
Hotel Cateys	Hotel Cateys Award – Sustainable Hotel of the Year	The Langham, London
The New Zealand Hotel Industry Conference	The New Zealand Hotel Industry Award – Finalist for Environmental Initiative for the Year 2019	Cordis, Auckland
Qualmark New Zealand	Qualmark Enviro Gold Rating	Cordis, Auckland
Green Business UK	Green Tourism Gold Certificate	The Langham, London
Green Key Global	4 Green Key ECOmmodating Rating	Chelsea Hotel Toronto
TripAdvisor	GreenLeader	
	Gold Level	The Langham, London
	Silver Level	The Langham, Melbourne
	Silver Level	Cordis, Auckland
	Bronze Level	The Langham, Boston

Outstanding Performance – Sustainability

CarbonCare ESG Label

Organizer	Award	Awarded Unit
HotelInvestment Conference Asia Pacific (HICAP)	HICAP Sustainable Hotel Awards – PositiveCommunity Impact	Eaton, Hong Kong
Hong Kong Green Building Council	Low Carbon & Healthy Award	Langham Place
The Environmental Campaign Committee	Energywi$e Certificates – Basic Level	Langham Place
	Wastewi$e Certificate – Excellence Level	Three Garden Road

Social

Employment and Labour Practices		
Organizer	**Award**	**Awarded Unit**
The Employees Retraining Board (ERB) Hong Kong	Manpower Developer Award	Langham Hospitality Group
Mandatory Provident Fund Schemes Authority	MPF Good Employer Award 2018-19	The Langham, Hong Kong
Caterer.com	2019 Caterer.com People Awards – Best On-boarding	The Langham, London
HM Magazine	2019 HM Awards – New Zealand General Manager of the Year	Cordis, Auckland
Tourism Industry Aotearoa	2019 New Zealand Hotel Industry Awards – Concierge of the Year Award	Cordis, Auckland
Tourism Accommodation Australia	Hotel Rising Star of the Year	The Langham, Sydney
	Outstanding Achievement in Training of the Year	The Langham, Sydney
Occupational Safety and Health Council	The 6th Best Property Safety Management Award-Silver Award (Best Safety Enhancement Programme)	Langham Place

Hotel Cateys Award

The New Zealand Hotel Industry Award

HICAP Sustainable Hotel Awards


Low Carbon & Healthy Award

New Zealand Hotel Industry Awards

The 6th Best Property Safety Management Award

Operating Practices		
Organizer	**Award**	**Awarded Unit**
Bloomberg Businessweek/ Chinese Edition	Listed Enterprises of the Year 2019	Great Eagle Group
USA Today	Top 10 Best Luxury Hotel Brand	Langham Hotels and Resorts
Condé Nast Traveler	2019 Reader's Choice Awards	
	No. 1 in Australia and New Zealand	The Langham, Melbourne
	No. 9 in Los Angeles	The Langham, Huntington, Pasadena
	No. 1 in Chicago	The Langham, Chicago
Travel + Leisure Magazine	2019 World's Best Awards	
	No. 2 Top 5 Australia and New Zealand City Hotels	The Langham, Sydney
	No. 3 Top 5 Australia and New Zealand City Hotels	The Langham, Melbourne
	No. 3 Top 10 Hotels in Chicago	The Langham, Chicago
	No. 15 Top City Hotels in the U.S.	The Langham, Chicago


Listed Enterprises of the Year 2019

2018 Kowloon West Best Security Services Award

Operating Practices

Organizer	Award	Awarded Unit
US News & World Report	2019 Best Hotels	
	No.7 in the USA	The Langham, Chicago
	No.3 in Chicago	The Langham, Chicago
	No.6 in Boston	The Langham, Boston
	No.6 in New York	The Langham, New York, Fifth Avenue
	No.1 in Pasadena	The Langham, Huntington, Pasadena
Forbes Travel Guide 2019	2019 Star Award	
	Five Star Hotel	The Langham, Chicago
	Five Star Hotel	The Langham, Hong Kong
	Five Star Hotel	The Langham, London
	Five Star Spa	Chuan Spa at The Langham, Chicago
HM Magazine	2019 HM Awards – Boutique Hotel of the Year	The Langham, Sydney

Security Services Best Training Award

Operating Practices

Organizer	Award	Awarded Unit
Michelin Guide, Hong Kong	The 2020 Michelin Guide, Hong Kong and Macau	
	Three Michelin Stars Rating	T'ang Court at The Langham, Hong Kong
	One Michelin Stars Rating	Ming Court at Cordis, Hong Kong
	One Michelin Stars Rating	Yat Tung Heen at Eaton, Hong Kong
Michelin Guide, Shanghai	The 2020 Michelin Guide, Shanghai	
	One Michelin Stars Rating	T'ang Court at The Langham, Shanghai, Xintiandi
	One Michelin Stars Rating	Ming Court at Cordis, Shanghai, Hongqiao
The Hong Kong Police	2018 Kowloon West Best Security Services Award (16 awards)	Langham Place
The Hong Kong Police & VTC	2018 Security Services Best Training Award	
	Gold Award	Langham Place
	Gold Award	Three Garden Road

Community

Organizer	Award	Awarded Unit
The Hong Kong Council of Social Service	10 Years Plus Caring Company Logo	Great Eagle Group
Labour and Welfare Bureau	Social Capital Builder Logo Awards	Great Eagle Group
Social Welfare Department	Volunteer Service (Organisation) of the Volunteer Movement	
	Bronze Award	Great Eagle Group
	Silver Award	Cordis, Hong Kong
Hotel Investment Conference Asia Pacific (HICAP)	2019 Sustainable Hotel Award-Positive Community Impact	Eaton, Hong Kong
HM Magazine	2019 HM Awards – Service to the Community of the year	The Langham, Melbourne

Memberships
Silver Patron Member of Hong Kong Green Building Council
Corporate Member of Business Environment Council
Bronze Patron of The Hong Kong Arts Festival

10 Years Plus Caring Company Logo

Charters
Energy Saving Charter
Charter on External Lighting
Carbon Footprint Repository
Foodwise Charter

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Dr. LO Ka Shui

Chairman and Managing Director

Dr. LO Ka Shui, aged 73, has been a member of the Board since 1980. He is a substantial shareholder, the Chairman and 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. He is also a Vice President of The Real Estate Developers Association of Hong Kong and a member of the Board of Trustees of The Hong Kong Centre for Economic Research. 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 four decades of experience in property and hotel development and investment both in Hong Kong and overseas. Dr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, a younger brother of Mr. Lo Hong Sui, Antony and Madam Law Wai Duen, and the father of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, he is the father 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 100, 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 former chairman of the Company, and is the co-founder of the Group. She was involved in the early stage development of the Group. She is the mother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and the grandma of Mr. Lo Chun Him, Alexander, all being Directors of the Company. 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 71, 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 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 China Minsheng Banking Corp., Ltd. and MTR Corporation Limited. Mr. Cheng is an Independent Non-executive Director of Airstar Bank Limited. He is also a Vice Patron of The Community Chest of Hong Kong and was 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 67, 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 Provost and Deputy Vice-Chancellor and Chair of Economics at The University of Hong Kong. He is a leading figure in advancing economic research on policy issues in Hong Kong through his work as Founding Director of the Hong Kong Centre for Economic Research and the Hong Kong Institute of Economics and Business Strategy. He was awarded the Silver Bauhinia Star in 1999 in recognition of his contributions in education, housing, industry and technology development and was appointed a Justice of the Peace in 2000 by the Government of the Hong Kong Special Administrative Region. He is a member of Research Council of Our Hong Kong Foundation. Professor Wong is an Independent Non-executive Director of Pacific Century Premium Developments Limited and Sun Hung Kai Properties Limited, both of which are companies whose shares are listed on the Stock Exchange. During the past three years, he was an Independent Non-executive Director of Orient Overseas (International) Limited.

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

Mrs. LEE Pui Ling, Angelina, aged 71, 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 the Nomination Committee of the Company. She is a partner of the firm of solicitors, Woo Kwan Lee & Lo and is a Fellow of the Institute of Chartered Accountants in England and Wales. Mrs. Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority, a Non-executive Director of the Securities and Futures Commission and a Non-executive Director of the Mandatory Provident Fund Schemes Authority. She is a Non-executive Director of CK Infrastructure Holdings Limited, Henderson Land Development Company Limited and TOM Group Limited, all of which are listed companies.

Mr. LEE Siu Kwong, Ambrose
Independent Non-executive Director

Mr. LEE Siu Kwong, Ambrose, aged 71, 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 was 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 was 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, Larry
Independent Non-executive Director

Professor POON Ka Yeung, Larry, aged 52, was appointed as an Independent Non-executive Director of the Company in March 2016. He is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He has been teaching marketing-related subjects for different Master Degree programs such as the Master's Degree in Science program, MBA program, EMBA 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. Since June 2019, he has been appointed as a member of the External Advisory Group (EAG) of the MBA Strategic Plan 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 has been appointed as the Humanitarian Education Advisor of Hong Kong Red Cross since April 2019. 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 78, is an Executive Director and a director of various subsidiaries of the Company. He has been a Director of the Group since 1967. Mr. Lo has been actively involved in property development, construction and investment for decades. He graduated from the University of New South Wales with a Bachelor's Degree in Commerce. Mr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, a younger brother of Madam Law Wai Duen, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company. 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 83, is an Executive Director and a director of various subsidiaries of the Company. She has been a Director of the Group since 1963. Madam Law graduated from The University of Hong Kong with a Bachelor's Degree in Arts and has been actively involved in the Group's property development and investment in Hong Kong for decades. Madam Law is a daughter of Madam Lo To Lee Kwan, an elder sister of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and an aunt of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, she is an aunt of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

Mr. LO Hong Sui, Vincent
Non-executive Director

Mr. LO Hong Sui, Vincent, aged 71, 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. He is also a Non-executive Director of Hang Seng Bank Limited. Mr. Lo is a member of the Board of Directors of Boao Forum for Asia, the President of the Council for the Promotion & Development of Yangtze, an Economic Adviser of the Chongqing Municipal Government, a Vice Chairman of the Chamber of International Commerce Shanghai, the Honorary Life President of the Business and Professionals Federation of Hong Kong and an Honorary Court Chairman of The Hong Kong University of Science and Technology. He was awarded the Grand Bauhinia Medal (GBM) in 2017, the Gold Bauhinia Star in 1998 and was appointed a Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region. Mr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Dr. Lo Ying Sui, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony and Madam Law Wai Duen, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company. 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 67, 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, 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 34, joined the Group in 2010 and was appointed as an Executive Director of the Company in December 2015. He is also a member of the Finance Committee. Mr. Lo holds directorships in various principal subsidiaries of the Company, including The Great Eagle Company, Limited, Great Eagle (China) Investment Limited, The Great Eagle Development and Project Management Limited, Eagle Property Management (CP) Limited, Langham Hospitality Group Limited, Langham Hotels International Limited, Pacific Eagle Holdings Corporation, Pacific Eagle China Orient (US) Real Estate GP, LLC and Rio dei Vetrai S.r.l.. He is also a Non-executive Director of Langham Hospitality Investments Limited and LHIL Manager Limited (Manager of the publicly listed Langham Hospitality Investments). Prior to joining the Group, he had worked at Citibank's investment banking division with a focus on Hong Kong's market. Mr. Lo is also a member of the Executive Committee of The Real Estate Developers Association of Hong Kong and a member of the Management Committee of The Federation of Hong Kong Hotel Owners Limited. He graduated from Washington University in St. Louis with a Bachelor of Arts in Psychology. Mr. Lo is a son of Dr. Lo Ka Shui, being a substantial shareholder, the Chairman and Managing Director of the Company. Also, he is a grandson of Madam Lo To Lee Kwan, a nephew of Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, 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 68, 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, Great Eagle (China) Investment Limited, The Great Eagle Properties Management Company, Limited, Great Eagle Tokyo TMK, Eagle Property Management (CP) Limited, Langham Hospitality Group Limited, Langham Hotels International Limited, Pacific Eagle Holdings Corporation, Pacific Eagle China Orient (US) Real Estate GP, LLC and Rio dei Vetrai S.r.l.. 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 58, joined the Group in 1989 and was appointed as an Executive Director of the Company in December 2015. He is a member of the Finance Committee and also the Head of Tax and Investment primarily responsible for the Group's taxation, finance and investment matters. Mr. Chu is a fellow of The Chartered Association of Certified Accountants and an associate of The Hong Kong Institute of Certified Public Accountants. 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. Stefan LESER, age 53, joined Langham Hospitality Group as chief executive officer in 2018. He oversees all aspects of management and brands for the Langham Hospitality Group's global portfolio of hotels, resorts and residences. He provides strategic guidance to achieve the company's vision, implementing organizational processes for all hotels, and leading the global expansion drive. With over 31 years of experience in the travel and hospitality industries, Mr. Leser was previously the group chief executive officer and a member of the board of directors at Jumeirah International. He also held senior roles for more than a decade at Kuoni Travel Holding Ltd., the leading Swiss travel services provider. As a member of Kuoni's executive board and executive vice president of the outbound and specialists division, he directed the company's travel businesses, and was also responsible for all inbound destination management businesses. Prior to joining Kuoni, Mr. Leser spent six years working in the information technology industry with Swissair and EDS Corporation. He holds a MBA from Augusta State University of Georgia (U.S.).

Ms. LO Bo Lun, Katherine, age 38, joined the Hotels 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 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, being a substantial shareholder, the Chairman and Managing Director of the Company. She is also a granddaughter of Madam Lo To Lee Kwan, a niece of 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, age 60, is the Chief Financial Officer of the Group's Hotels 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.

ASSET MANAGEMENT AND BUSINESS DEVELOPMENT

Mr. Brett BUTCHER, age 60, is the Chief Executive Officer of GE Hospitality Asset Management Limited. He held previous senior executive positions in Langham Hospitality Group between 2002 and 2013. Mr. Butcher holds a Bachelor's Degree in Business (Hospitality Management) and has extensive experience in both hotel operations and sales and marketing. His hotel career now spans 40 years and has covered assignments in Asia, the Pacific and North America.

Mr. LAM Kin Kwok, Sherman, age 60, joined Great Eagle Group as Director – Strategy and Business Development in September 2013 and is the President of Pacific Eagle Holdings Corporation, overseeing Great Eagle's overseas property investment and development as well as real estate funds. Mr. Lam held senior roles in both privately held and publicly listed organisations in such sectors as real estate, electric power, telecommunication, infrastructure, transportation, oil & gas, etc.

CHINA

Mr. LU Ning, Michael, age 46, 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, age 61, 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 about 40 years' experience in property development and marketing in Hong Kong and Mainland China. Mr. Au holds a Higher Diploma in Valuation and Property Management.

PROJECT DEVELOPMENT

Mr. Allen MATIS, age 61, is the Head of Development and Project Management Department. With over 39 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, age 62, is the Executive Vice President of Peak Project Management Limited, a wholly owned development arm in USA of Great Eagle. He is a Member of the Royal Institute of British Architects (RIBA) and of the Association for Project Management (MAPM), an Associate of the 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 32 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. Simon BAXTER, age 47, is the Managing Director of the Centre of Expertise (COE) within The Great Eagle Development and Project Management Limited. The COE supports all development and project management teams of the Group around the world with expertise in planning, architecture, engineering, procurement and scheduling. Prior to joining the Group, Mr. Baxter held senior leadership positions in two large international project management and consulting organisations delivering construction projects in more than 30 countries around the world. He has extensive experience in all real estate development sub-sectors including hospitality, residential, retail, commercial office, industrial and public buildings. He graduated from the University of Northumbria in the United Kingdom with a Bachelor Science Degree in Quantity Surveying and Construction Economics.

Mr. KWAN Chun Bon, James, age 59, 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 includes 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.

PROPERTY MANAGEMENT

Mr. LEUNG Tat Kai, Henry, age 66, 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. He has over 36 years' experience in the real estate industry and property management.

COMPLIANCE AND ADMINISTRATION

Ms. WONG Mei Ling, Marina, age 53, is the Group Company Secretary and the Head of Company Secretarial and Administration Department. Ms. Wong is also responsible for the compliance and company secretarial matters of the publicly listed trusts, Champion Real Estate Trust and Langham Hospitality Investments. Ms. Wong is a Fellow both of The Chartered Governance Institute 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 University of Hong Kong respectively. Ms. Wong had over 30 years of experience in company secretarial and compliance.

FINANCE

Mr. MOK Siu Bun, Terry, age 66, Financial Controller, joined the Group in 1981. He has a Master's Degree in Business Administration and has over 38 years' experience in accounting and finance in the real estate industry.

INTERNAL AUDIT

Mr. HO Hon Ching, Barry, age 57, 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, age 55, 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 and the corporate finance qualification awarded by the Institute of Chartered Accountants in England and Wales and the certificate in hotel real estate investments and asset management awarded by the School of Hotel Administration of Cornell University. He was admitted as a solicitor in Hong Kong in 1996 with more than 23 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.

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 2019 are set out below:

- **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 after the publication of annual results announcement of the Company in the first quarter subject to the requirements of the Listing Rules. During the year ended 31 December 2019, an aggregate of 5,673,000 share options were granted to the eligible employees (including Executive Directors and their associates). Formal announcement was made on 14 March 2019.

- **General Mandates to Buy-back and to Issue Shares of the Company**
  General mandates to buy-back no more than 10% of the issued shares and issue no more than 20% of the issued shares of the Company were granted by the Shareholders at the Annual General Meeting of the Company held on 22 May 2019 with 99.88% and 82.54% shares voted in favour of the respective resolutions. The Company did not buy back or issue any Shares under the general mandates granted by the Shareholders in the 2019 Annual General Meeting. Although the general mandates granted may not be utilized during the valid period, this gives the Company the flexibility when needed without proposing second and subsequent refreshments of the general mandates in any one year. The Company will use the mandates sparingly and in the interest of the Shareholders.

- **Enhancement to Corporate Governance Framework**
  During the year, the corporate governance framework of the Company was enhanced. The terms of reference of the Nomination Committee was updated and the board diversity policy, nomination policy and dividend policy were formally adopted. In addition, the Group has adopted the recommended best practice of establishing a whistleblowing policy to provide a guideline for the employees or any relevant person to raise concern, in confidence, about possible improprieties in any matter related to the Group.

- **Adoption of 2019 Share Option Scheme and Termination of Operation of 2009 Share Option Scheme**
  The share option scheme ("2009 Share Option Scheme") adopted by the Company on 27 May 2009 was due to expire on 26 May 2019. At the 2019 Annual General Meeting ordinary resolutions were proposed to approve the adoption of a new share option scheme ("2019 Share Option Scheme") and termination of the operation of the 2009 Share Option Scheme. The resolutions were approved by the Shareholders and the 2019 Share Option Scheme became effective for a period of 10 years commencing on 22 May 2019. A summary of the principal terms of the 2019 Share Option Scheme was set out in the circular to the Shareholders dated 3 April 2019. Options granted during the life of the 2009 Share Option Scheme and remain unexpired prior to the expiry of the 2009 Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the expiry of the 2009 Share Option Scheme.

- **Change of Registered Office**
  The address of the Company's registered office has been changed to Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda with effect from 15 July 2019. The address of the principal place of business of the Company in Hong Kong remained unchanged. Formal announcement was made.

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 supportive 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 pursuant to a resolution passed by the full Board.

- **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 with an aim to promote effective engagement with Shareholders, both individual and institutional investors, and other stakeholders.

- **Social Media Policy**
  It sets out the basic standards of behaviour expected of all employees and the procedures they must follow regarding the use of social media, both personally as well as in their capacity as representatives of the Group.

- **Whistleblowing Policy**
  It sets out the guideline for the employees or any relevant person on reporting channels and protection for whistleblower, and provides details of how reports of improprieties will be handled.

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:

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

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

Under the existing Bye-laws, the Executive Chairman and Managing Director of the Company are not subject to retirement by rotation. The same provision is contained in The Great Eagle Holdings Limited Company Act, 1990 of Bermuda. As such, Directors who hold the offices of either the Executive Chairman or the Managing Director of the Company are by statute not required to retire by rotation. After due consideration, in particular to the legal costs and procedures involved, the Board considers that it is not desirable to propose any amendment to The Great Eagle Holdings Limited Company Act, 1990 for the sole purpose of subjecting the Executive Chairman and Managing Director of the Company to retirement by rotation. Dr. Lo Ka Shui is the Executive Chairman and Managing Director of the Company. 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 58 of this Annual Report and in note 11 to the consolidated financial statements respectively.

CG Code Provision A.6.5 requires that all directors should participate in continuous professional development to develop and refresh their knowledge and skills

Madam Lo To Lee Kwan, a Non-executive Director of the Company, is the co-founder of the Group. She was involved in the early stage of development of the Group. Since she is relatively inactive in the Group's business in recent years, she has not participated in the 2019 Director Development Program provided by the Company.

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

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

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.

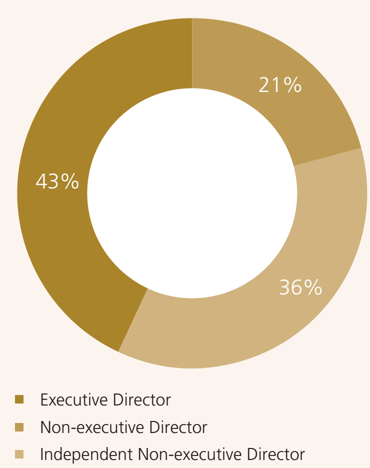
MEMBERS OF THE BOARD OF DIRECTORS

- The Board currently has fourteen members, including six 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.
- Female directors held 21.4% of the Board seats of the Company.

Board Composition

The composition of the Board is set out as follows:

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



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. LEE Siu Kwong, Ambrose
Professor POON Ka Yeung, Larry

Madam Lo To Lee Kwan is the mother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and the 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 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 58 to 64 of this Annual Report and maintained on the Company's website at www.GreatEagle.com.hk.

Board Independence

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 five Independent Non-executive Directors of the Company fulfill the independence guidelines set out in Rule 3.13 of the Listing Rules. 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; 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 2019, legal and regulatory updates on the Listing Rules and SFO and various reading materials regarding corporate governance, internal control, risk management, directors duties, management analysis, industry development analysis and global trend 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
- Any change in the Company's domicile or listing status

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 the 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 each year to update her knowledge and skill. 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, 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 means of a conference telephone. 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 2019. The attendance of individual Directors at these Board meetings during the year ended 31 December 2019 is set out below:

Name of Directors	Number of Board Meetings Attended/Eligible to Attend for the year ended 31 December 2019
Executive Directors	
LO Ka Shui (Note 1)	4/4
LO Hong Sui, Antony	4/4
LAW Wai Duen	4/4
LO Chun Him, Alexander	4/4
KAN Tak Kwong (Note 2)	4/4
Chu Shik Pui	4/4
Attendance Rate:	100%
Non-executive Directors	
LO TO Lee Kwan	Note 3
LO Hong Sui, Vincent	4/4
LO Ying Sui	4/4
Attendance Rate:	100%
Independent Non-executive Directors	
CHENG Hoi Chuen, Vincent	4/4
WONG Yue Chim, Richard	4/4
LEE Pui Ling, Angelina	4/4
LEE Siu Kwong, Ambrose	4/4
POON Ka Yeung, Larry	4/4
Attendance Rate:	100%
Overall Attendance Rate	**100%**

Notes:

(1) Chairman and Managing Director

(2) General Manager

(3) Madam Lo To Lee Kwan did not attend the Board meetings in the year 2019. Madam Lo has been long in office and is relatively inactive in the Group's business in recent years. However, as a co-founder of the Company, Madam Lo has an irreplaceable status in the Company, and in view of her history and contributions in the Group, the Board considered that it is fit and proper for Madam Lo to remain in the Board of the Company.

Directors' and Officers' Insurance

During the year ended 31 December 2019, 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 2019, are set out on pages 97 to 101 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 2019.

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 written terms of reference of the Audit Committee are posted on the Company's website and the website "HKEXnews".

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 and Professor Poon Ka Yeung, Larry.

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, audit process and corporate governance practices with a view to assist the Board to fulfill its duties in relation to internal control, risk management, financial management and corporate governance. 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.

AUDIT COMMITTEE MEETINGS HELD IN 2019

During the year ended 31 December 2019, two meetings of 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 external auditor reports for the year ended 31 December 2018 and for the six months ended 30 June 2019 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 2018 and the unaudited financial statements for the six months ended 30 June 2019, with particular regard to major judgmental issues including:
    (1) the changes in fair value of the Group's investment properties, situated in Hong Kong, the United States and the People's Republic of China that resulted in deferred taxation liabilities;
    (2) the Group's control over the U.S. Fund that was accounted for as a subsidiary of the Company in accordance with the HKFRS;
    (3) the valuation of the investment properties situated in Hong Kong and the People's Republic of China and the fair value of non-quoted derivative financial instruments; and
    (4) the recoverable amount of hotel buildings and hotel buildings under development and the net realizable value of stocks of properties.
- reviewed and approved the draft 2018 Annual Report and final results announcement of the Company;
- reviewed and approved the draft 2019 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 written terms of reference of the Remuneration Committee are posted on the Company's website and the website "HKEXnews".

The Remuneration Committee currently comprises five Independent Non-executive Directors, namely, Mrs. Lee Pui Ling, Angelina (who is the chairwoman of the Remuneration Committee), Mr. Cheng Hoi Chuen, Vincent, Professor Wong Yue Chim, Richard, Mr. Lee Siu Kwong, Ambrose and Professor Poon Ka Yeung, Larry.

The Remuneration Committee reviews and approves 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.

REMUNERATION COMMITTEE MEETING HELD IN 2019

During the year ended 31 December 2019, one physcial meeting of Remuneration Committee was held in January 2019 and all members were present at the meeting. The following is a summary of the major work done of the Remuneration Committee at the meeting:

- reviewed and approved the proposals for 2019 general salary revision of and discretionary bonus distribution to the employees of the Group;
- reviewed and approved the revisions of salary, discretionary bonus distribution and other remuneration packages of Executive Directors and Senior Management of the Group;
- reviewed and recommended the Directors' fee and remuneration for Non-executive Directors and Independent Non-executive Directors for the year 2019;
- reviewed and approved the annual grant of share options of the Group; and
- reviewed and approved the proposed terms of the 2019 Share Option Scheme.

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 skills 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 11 to the consolidated financial statements.

Nomination Committee

The Company established the Nomination Committee in 2005. To conform to the amendments to the Listing Rules, the terms of reference of the Nomination Committee of the Company has been updated in December 2018. The updated written terms of reference are posted on the Company's website and the website "HKEXnews".

The Nomination Committee currently comprises five 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, Mr. Lee Siu Kwong, Ambrose and Professor Poon Ka Yeung, Larry.

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 establish a policy concerning diversity of the Board taking into account the Group's business model and specific needs;

(b) to establish a policy for the nomination of directors of the Group;

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

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

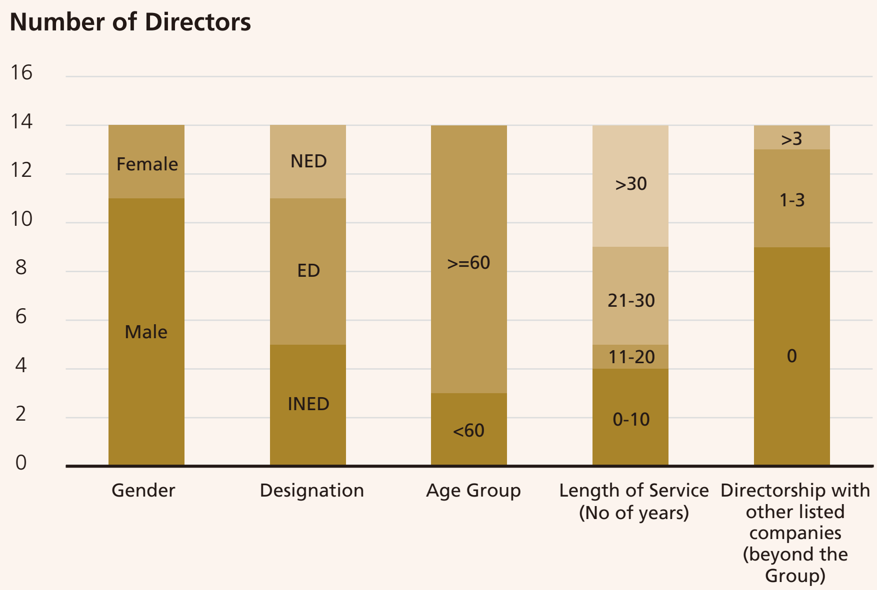
(e) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; and

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

- **Board Diversity Policy**

  According to the board diversity policy (the "Diversity Policy") adopted by Nomination Committee, the Company recognises and embraces that increasing diversity at the Board level is an important part of achieving its strategic objectives and to attract and retain the best people. Appointments to the Board shall be on merit, in the context of the skills and experience the Board as a whole requires to be effective, and against objective criteria and with due regard for the benefits of diversity. There are many considerations that factor into the Nomination Committee's nomination process including legal requirements, best practices, and skills required to complement the Board's skill set 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 Company believes that a truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background and other qualities of Directors. The Nomination Committee shall review the diversity of the Board at least annually taking into account the Group's business model and specific needs and shall monitor the implementation of the Diversity Policy and, if appropriate, make recommendations on proposed changes to the Board to complement the Company's corporate strategy.

The Board considers the current Board composition has provided the Company with a balance of skills, experience and diversity of perspective approporiate to the requirements by its business. The following chart shows the diversity profile of the Board as at 31 December 2019:



Remarks:
ED – Executive Director
NED – Non-executive Director
INED – Independent Non-executive Director

Further information on the biography of the Directors are set out in the section "Biograhical Details of Directors and Senior Management" on of this Annual Report and the website of the Company.

- **Nomination Policy**

The Nomination Committee recommends candidates for nomination to the Board, which approves the final choice of candidates. The Nominaton Committee was responsible to maintian the nomination policy of the Company (the "Nomination Policy") and review the same regularly. The objective of the Nomination Policy is to assist the Company in fulfilling its duties and responsibilities as provided in its terms of reference. This Nomination Policy sets out, inter alia, the selection criteria and the evaluation procedures in nominating candidates to be appointed or re-appointed as Directors of the Company.

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

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.

NOMINATION COMMITTEE MEETING HELD IN 2019

During the year ended 31 December 2019, one physcial meeting of Nomination Committee was held and all members were present at the meeting. The following is a summary of the major work done of Nomination Committee at the meeting:

- reviewed the structure, size and composition of the Board, and the contribution required from the Board members;
- reviewed 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 2019 Annual General Meeting; and
- adopted the Diversity Policy and formalized the Nomination Policy.

Finance Committee

The Company established the Finance Committee in 2003 which currently comprises four Executive Directors, namely Dr. Lo Ka Shui (who is the chairman of the Finance Committee), Mr. Kan Tak Kwong, Mr. Lo Chun Him, Alexander and Mr. Chu Shik Pui. Members of the Finance Committee meet regularly on a weekly basis. 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 including the present or future borrowings and/or other financial obligations and/or liabilities, actual, contingent or otherwise of the Group;

(b) to review, consider and approve the submission of bids for "Qualified Property Acquisition" (as defined under the Listing Rules);

(c) to approve the use of seal of the Company onto any instruments in relation to the provision of guarantee or indemnity by the Company to support any tender submissions to be made by any members of the Group for any government or public sector contracts of whatsoever nature on normal commercial terms; and

(d) to approve and authorise the opening and closing of and update the list of authorised signatories or signing arrangement in relation to any accounts maintained with any financial intermediates including banks and financial institutions in the name of the Company.

DIRECTOR'S FEE AND BOARD COMMITTEE REMUNERATION

A Director is entitled to receive a Director's fee of HK$220,000 for the year ended 31 December 2019. 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 2019 Annual General Meeting, and payable to each Director as ordinary remuneration.

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

	2019 HK$	2018 HK$
Audit Committee		
• Chairman	**220,000**	220,000
• Committee Member	**170,000**	170,000
Remuneration Committee		
• Chairman	**70,000**	70,000
• Committee Member	**60,000**	60,000
Nomination Committee		
• Chairman	**60,000**	60,000
• Committee Member	**50,000**	50,000

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2019, the Group entered into certain connected transactions and continuing connected transactions. Disclosure requirements in accordance with the Listing Rules had been fully complied with.

Details of the non-exempted continuing connected transactions entered during the year and the annual review are set out on pages 102 to 104 in the Report of the Directors contained in this Annual Report.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2019, 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 40 to the consolidated financial statements.

AUDITOR'S REMUNERATION

During the year ended 31 December 2019, 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:

	2019 HK$'000	2018 HK$'000
Services rendered		
Audit services	**15,239**	14,394
Non-audit services		
Taxation services	**4,618**	1,116
Interim review fee	**1,552**	1,525
Other review fees	**375**	347
	21,784	17,382

Note: The total amount of Auditor's Remuneration as disclosed in note 10 to the consolidated financial statements is HK$15,735,000 which comprises audit services provided by other auditors in the total amount of HK$496,000, 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 risk mitigating 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 2019.

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 internal 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 2019 and the assessment of the Audit Committee thereon, no significant irregularity or deficiency in risk management and internal control 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 2019.

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 2019.

The statement by the Auditor of the Company about their reporting responsibilities is set out in the Independent Auditor's Report on pages 112 and 116 of this Annual Report.

COMMUNICATION WITH SHAREHOLDERS

The Company recognises the importance of maintaining an on-going dialogue with the Shareholders. A Shareholder 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 Auditor is also invited to attend annual general meeting to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor's independence.

The Company is committed to protecting the privacy right on all personal data collected from shareholders. When collecting personal data from the shareholders, the Company will specify in the relevant documents the purpose of collection and the use of personal data etc. Contact details are also provided to the shareholders for accessing and correcting their personal data.

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 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 Company's website and the website "HKEXnews" on the same day after the general 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 2019

One General Meeting of the Company was held in 2019. Set out below are the details of the said Meeting:

The 2019 Annual General Meeting was held on 22 May 2019 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, Mr. Lo Chun Him, Alexander, Mr. Kan Tak Kwong and Mr. Chu Shik Pui being the Executive Directors; Dr. Lo Ying Sui being the Non-executive Director; Mr. Cheng Hoi Chuen, Vincent, Professor Wong Yue Chim, Richard, Mrs. Lee Pui Ling, Angelina, Mr. Lee Siu Kwong, Ambrose and Professor Poon Ka Yeung, Larry being the Independent Non-executive Directors had attended the Annual General Meeting in 2019. 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 2018 together with the Reports of the Directors and Independent Auditor thereon.	99.88%
2.	Approved the payment of a Final Dividend of HK50 cents per share.	100%
3.	Re-elected Mr. Lo Hong Sui, Antony as an Executive Director.	99.50%
4.	Re-elected Madam Law Wai Duen as an Executive Director.	99.51%
5.	Re-elected Dr. Lo Ying Sui as a Non-executive Director.	99.22%
6.	Re-elected Mr. Lo Chun Him, Alexander as an Executive Director.	99.50%
7.	Re-elected Professor Poon Ka Yeung, Larry as an Independent Non-executive Director.	99.58%
8.	Fixed the ordinary remuneration of HK$220,000 payable to each Director for the year 2019.	99.88%
9.	Re-appointed Messrs. Deloitte Touche Tohmatsu as Auditor and authorised the Board of Directors to fix their remuneration.	99.87%
10.	Approved the grant of a general mandate to the Directors to buy-back shares not exceeding 10% of the issued share capital.	99.88%
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.	82.54%
12.	Terminated the operation of the 2009 Share Option Scheme.	97.00%
13.	Approved the 2019 Share Option Scheme.	83.98%

* truncated to two decimal places.

Each of the general mandates to buy-back and to issue shares of the Company shall remain in effect until the conclusion of the next annual general meeting, or the expiration of the period within which such annual general meeting is required by laws or Bye-laws to be held or until revoked or varied by an ordinary resolution of the Shareholders in general meeting, whichever occurs first. Although the general mandates granted may not be utilized during the valid period as mentioned above, this gives the Company the flexibility when needed without proposing second and subsequent refreshments of the general mandates in any one year. The Company will use the mandates sparingly and in the interest of the Shareholders. The Company did not buy back or issue any Shares under the general mandates granted by the Shareholders in the 2019 Annual General Meeting.

DIVIDEND POLICY

The Company has put in place a divided policy. Any declaration and payment of dividends shall be determined at the sole discretion of the Board with the long term objective of maximizing shareholder value of the Company. The Company aims to provide its shareholders with a target annual dividend payout of not less than 25% of the core profit after tax attributable to equity holders in any financial year subject to the following factors:

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

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

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

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

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.

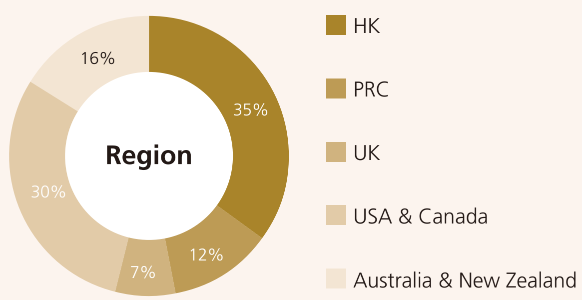
CONSTITUTIONAL DOCUMENTS

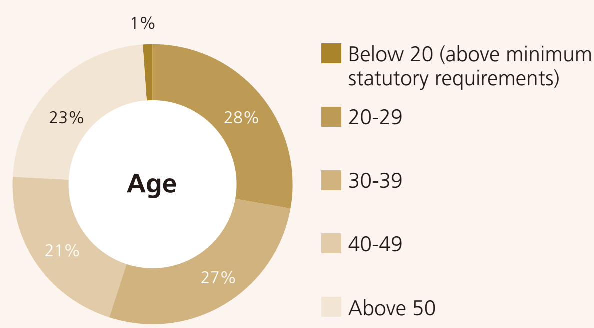
During the financial year 2019, there was no change in the Company's constitutional documents. A consolidated version of the Company's constitutional documents is available on the Company's website and the website "HKEXnews".

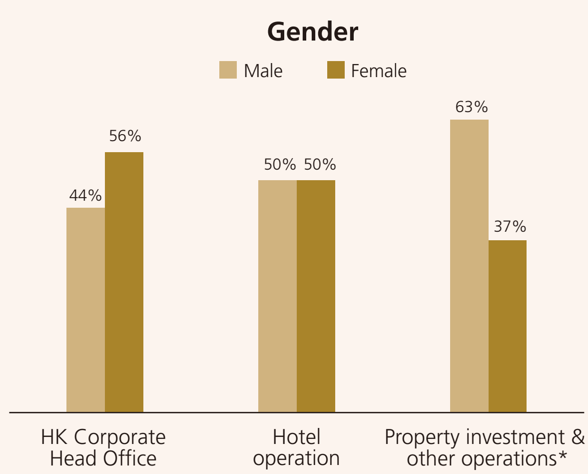
WORKFORCE SUSTAINABILITY

We recognise the importance of workforce sustainability which is about retaining and attracting the right people to meet current and future business requirements. We offer competitive salaries to employees and discretionary bonuses are granted based on performance of the Group as well as the 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. wellness festival, green workshop and mindfulness class), staff recreational activities as well as community involvement through volunteering projects are provided to employees.

As at 31 December 2019, the number of employees of the Group, including our head office management team, and frontline hotel and property management and operation colleagues, decreased approximately 4.5% to 6,366 (2018: 6,666). The decrease was mainly attributable to the closure of The Langham, Boston for renovation. The following charts show the composition and functional grouping of employees of the Group as at 31 December 2019:







* Other operations primarily include sales of building materials, restaurant operation, investment in securities and provision of property management, maintenance and property agency services.

As a Group, we value communication and team spirit, and make continuous effort to promote dialogue, teamwork and a healthy work-life balance. Social events have been organised regularly to promote communication and cohesion across departments, business units and levels of seniority throughout the Group. These activities include:

(a) Senior staff meetings hosted by the Chairman, on recent business development of the Group;

(b) Departmental meetings with light refreshments, which enable every employee to enjoy a casual conversation with the Chairman; and

(c) Executives luncheons hosted by the Chairman and/or Executive Directors which facilitate ideas exchange among top management members of the Group in Hong Kong.

In addition, there is an iForum where employees could freely express themselves and share their ideas with others.

For development and training programmes conducted during the year, please refer to the section "Development and Training" in the Environmental, Social and Governance Report of this Annual Report.

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 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

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

The Group's operations are mainly located in Hong Kong, the United States, Canada, the United Kingdom, Australia, New Zealand, the PRC, Japan and Macau. An analysis of the Group's segment results for the year ended 31 December 2019 is set out in note 6 to the consolidated financial statements of this Annual Report.

Particulars of the Company's principal subsidiaries, interests in joint ventures and interests in associates as at 31 December 2019 are set out in notes 44, 16 and 17 to the consolidated financial statements of this Annual Report.

BUSINESS REVIEW

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

(a) Review of the Company's business and financial position using financial key performance indicators; and development and future prospects of the Company's business and important events affecting the Company that have occurred since the end of the year ended 31 December 2019 – Chairman's Statement comprising "Overview", "Business Review", "Financial Review" and "Outlook" on pages 7 to 26 of this Annual Report;

(b) The principal risks and uncertainties facing the Company – "Risks and Uncertainties" set out in the following section of this report; and

(c) Discussion on the Company's environmental policies and performance and an account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depends – "Environmental, Social and Governance Report" on pages 27 to 57 of this Annual Report.

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

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

RISKS AND UNCERTAINTIES

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group's businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risks pertaining to Property Development

Property development is the Group's core business, primarily in Hong Kong, the United States, Japan and Europe. Accordingly, this segment is concurrently exposing to the economic, political and legal developments, market conditions, environmental issues, as well as changes in the government's policies and regulations in these regions. These inherent risks may give rise to delays in the completion of a project and result in cost overruns. This eventually affects the Group's investment strategy and business model as well as the performance in property development.

To mitigate the risks, the Group on one hand actively assesses the overall economic, political and legal developments as well as the property markets in these regions and on the other hand, it continues to review and evaluate its investment strategy to ensure the Group responds to market changes appropriately. For each potential project, detailed feasibility studies and stress test with regard to all aspects will be carried out before an acquisition to minimise the commercial and legal risks.

Risks pertaining to Investment Properties

Investment properties segment is the Group's another core business with investment property assets accounted for over 68.24% of the Group's total assets. With the majority of the properties located in Hong Kong, the general economic climate, regulatory changes, government policies and the political conditions in Hong Kong may have a significant impact on the Group's overall financial results and positions. In this respect, the Group regularly assesses changes in economic environment and keeps alert to market needs and competitors' reaction in order to maintain our competitiveness. Continuously upkeeping the quality of the assets and maintaining sufficient diversity in tenant-mix could also help growing revenue and resisting sluggish economy.

Furthermore, investment properties of the Group are stated at fair value in its financial statements based on valuations carried out by independent professional property valuers. The results of operations of the Group will include unrealised revaluation adjustments and therefore the future fair value of these investment properties is likely to fluctuate from time to time and may increase or decrease significantly. In the case of losses arising from changes in the fair value of these properties, this could have an adverse impact on our ability to comply with the financial covenants under the loan facility as well as any external borrowings we may incur in the future, and may also lead to an adverse market perception of the performance of our business, even though such losses are not realised. Nonetheless, fair value gains (or losses) will not change our cash position and therefore do not increase or decrease respectively our liquidity in spite of the increased or decreased profit. The Group will closely monitor its debt and cash position. Cash flow forecasts with sensitivity analysis will be prepared to ensure that all sources of liquidity risk are identified to evaluate the impact of different levels of business activity in relation to the existing loan facilities.

Risks pertaining to Hotel Operations

A substantial portion of the Group's revenue is derived from its hotel operations. Since hotel guests are short-term occupants of hotel rooms, they are generally not committed to contracts of medium-term or long-term rental payment. Consequently, a hotel's occupancy rate and room rate are subject to a high degree of fluctuations due to both predictable and unpredictable factors including seasonality, social stability, natural hazards, epidemic disease and economic condition as well as the nature of hotel business. The outlook of the hospitality industry is also challenged by continued trade tensions and political uncertainty both domestically and abroad.

In this respect, the Group regularly assesses the impact of the geopolitical outlook and economic development of different countries and keeps alert to market needs and competitors' reaction. The management will closely monitor hotels performance and booking pace. Besides, the Group shall continue to improve its hotel services and facilities to ensure the provision of unforgettable experience for our customers.

Financial Risks

The major financial instruments of the Group include equity instruments at fair value through other comprehensive income, notes and loan receivables, debtors, financial assets at fair value through profit or loss, restricted cash, time deposits with original maturity over three months, bank balances and cash, creditors, rental deposits received, derivative financial instruments, distribution payable, medium term notes and borrowings. Details of these financial instruments and the policies on how to mitigate these risks are set out in note 42 to the consolidated financial statements of this Annual Report.

Operational Risks

The Group's operation is subject to a number of risk factors distinctive to the operation of property development, property investment, and property related businesses. For instance, default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems, inadequate responses to negative events which may have adverse impact on reputation or other external factors may have various levels of negative impact on the results of operations. Additionally, accidents may happen despite systems and policies set up for their prevention, which may lead to financial loss, litigation, or damage in reputation. Increased competition, cyclical over-supply of luxury hotels in some markets could also harm our business.

In this respect, the Group continuously monitors and analyses competitive and market information in order to anticipate unfavourable changes, focuses on brand and communication initiatives to drive revenue growth and strengthen our brands' market position and also reinvests into our properties to ensure competitiveness. Furthermore, the Group has also arranged a business interruption insurance which covers the loss of income that a business suffers after a disaster.

Risk of Cyber-Attacks

The Group processes significant amount of data including personal information, customer data and other sensitive commercial data which are susceptible to cyber threats. Loss of data and leakage of confidential information are the largest costs from cyber-crime that the Group is facing. The cost of recovering from cyber attacks, including reputational damage, where the trust in a company decreases and its brand loses value, is considerable. The Group implements extensive measures to mitigate the occurrence and consequences of the risk of cyber-attacks. The vulnerabilities of the Group's IT infrastructure are regularly scanned and patched. Risky external IP addresses are blocked. All servers and user computers are equipped with antivirus or endpoint protection. Emails are filtered for spam and malware. Password control and user access to the systems and network elements are regularly updated and reviewed. System backup and DR facilities provide addition layers of protections. All these measures increase the difficulty for a hacker. In addition, the respective business units have also acquired appropriate insurance which also help mitigating risk exposure by offsetting costs involved with recovery after a cyber-related security breach or similar event.

Human Resources Risks

Our success in business operations depends on our ability to attract, hire, retain and motivate suitable skilled employees, particularly in hotel management, property management and property development industries. Strong competition for talented staff and the tight labour markets in these industries, together with the added demands from new projects, posted a challenge to the Group's prospects in providing adequate resources to support the existing and growing business. Furthermore, the sudden loss of key qualified professionals could affect our ability to deliver on our projects and might have a material adverse effect on our business if we are unable to find suitable replacements in a timely manner. To mitigate the situation, careful attention is given to human resources of the Group with constant review on the human resources practices and contingency plans of human resources are in place to help reducing uncertainty and facilitating the Group's development.

Legal and Regulatory Compliance Risks

Whilst the Group has a diversified portfolio of business operations across Hong Kong, the United States, Canada, the United Kingdom, Australia, New Zealand and the PRC, any failure to anticipate the trend of regulatory changes or cope with relevant requirements may result in non-compliance of local laws or regulations, leading to not only financial loss but also reputational damage to the Group. In mitigation of relevant risks, the Group actively assesses the effect of relevant developments and engages closely with regulatory authorities and external advisors on new laws and regulations, and also trending legislation to ensure relevant requirements are properly complied in an effective manner. Details of the compliance with the applicable laws and regulations which have a significant impact on the Group are set out under section headed "Business Review" of this report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated income statement.

The Directors have recommended the payment of a final dividend of HK50 cents per share and a special final dividend of HK50 cents per share to the Shareholders whose names appear on the Registers of Members of the Company on Friday, 15 May 2020. Subject to the approval of the Shareholders at the forthcoming Annual General Meeting, the payment of the final dividend and special final dividend will be made on 17 June 2020. Taken together with the interim dividend of HK33 cents per share paid in October 2019, the total dividend for the year 2019 is HK$1.33 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 47 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.

INVESTMENT PROPERTIES

Movements in the investment properties of the Group during the year are set out in note 14 to the consolidated financial statements. All of the Group's investment properties were revalued by independent professional property valuers as at 31 December 2019 using the income capitalisation approach and the direct comparison method.

PROPERTY, PLANT AND EQUIPMENT

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

Details of the major properties of the Group as at 31 December 2019 are set out in Appendix I to this Annual Report.

ISSUE OF NEW SHARES

During the year, 7,746,010 shares were issued by the Company pursuant to the scrip dividend arrangement in respect of the 2018 final dividend and 1,989,000 shares were issued pursuant to the 2009 Share Option Scheme. As at 31 December 2019, the authorised capital of the Company was HK$600,000,000.00 divided into 1,200,000,000 shares of HK$0.50 each, 708,382,048 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 33 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S SECURITIES

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

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES

As at 31 December 2019, the Group employed 6,366 employees. Details of emolument policy and long-term incentive schemes of the Group are set out in "Corporate Governance Report – Workforce Sustainability" on pages 89 to 90 of this Annual Report.

DIRECTORS

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

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

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. LEE Siu Kwong, Ambrose
Professor POON Ka Yeung, Larry

In accordance with Bye-law 109(A), Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Vincent, Mr. Cheng Hoi Chuen, Vincent, Mrs. Lee Pui Ling, Angelina and Mr. Kan Tak Kwong shall retire by rotation and, being eligible, have offered themselves for re-election at the 2020 Annual General Meeting of the Company.

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

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

The biographical details of the Directors and the Senior Management of the Company are set out on pages 58 to 64 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' EMOLUMENTS

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

PERMITTED INDEMNITY

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

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

As at 31 December 2019, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, are as follows:

Long positions in shares and underlying shares of the Company

Name of Directors	Capacity	Nature of Interests	Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital [11]	Total
Lo Ka Shui	Beneficial Owner	Personal Interests	53,310,916[1]	7.53	
	Interests of Controlled Corporations	Corporate Interests	83,082,446[2]	11.73	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	236,340,550[3]	33.36	
	Founder of a Discretionary Trust	Trust Interests	61,705,359	8.71	61.33
Lo To Lee Kwan	Beneficial Owner	Personal Interests	1,115,671	0.16	
	Interests of Controlled Corporations	Corporate Interests	5,175,477[4]	0.73	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	236,340,550[3]	33.36	34.25
Cheng Hoi Chuen, Vincent	Interests of Spouse	Family Interests	10,000	0.00	0.00
Wong Yue Chim, Richard	Beneficial Owner	Personal Interests	10,000	0.00	0.00
Lo Hong Sui, Antony	Beneficial Owner	Personal Interests	1,270,995[5]	0.18	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	236,340,550[3]	33.36	33.54
Law Wai Duen	Beneficial Owner	Personal Interests	2,173,914[6]	0.31	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	236,340,550[3]	33.36	33.67
Lo Hong Sui, Vincent	Beneficial Owner	Personal Interests	293	0.00	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	236,340,550[3]	33.36	33.36

Name of Directors	Capacity	Nature of Interests	Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital (11)	Total
Lo Ying Sui	Beneficial Owner	Personal Interests	1,500,000	0.21)	
	Interests of Controlled Corporations	Corporate Interests	35,628,206(7)	5.03)	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	236,340,550(3)	33.36)	38.60
Lo Chun Him, Alexander	Beneficial Owner	Personal Interests	833,376(8)	0.12	0.12
Kan Tak Kwong	Beneficial Owner	Personal Interests	4,447,299(9)	0.63	0.63
Chu Shik Pui	Beneficial Owner	Personal Interests	1,633,554(10)	0.23	0.23

Notes:

(1) Among these interests, 1,386,000 were share options.

(2) These interests were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies.

(3) These 236,340,550 shares were owned by a discretionary trust of which Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui are among the discretionary beneficiaries.

(4) These 5,175,477 shares were held by two companies wholly-owned by Madam Lo To Lee Kwan who is also a director of these companies. Dr. Lo Ka Shui is a director of one of these companies.

(5) Among these interests, 500,000 were share options.

(6) Among these interests, 300,000 were share options.

(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) Among these interests, 808,000 were share options.

(9) Among these interests, 1,880,000 were share options.

(10) Among these interests, 1,350,000 were share options.

(11) This percentage has been compiled based on 708,382,048 shares of the Company in issue as at 31 December 2019.

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 2019, the Group owned 66.22% 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 2019 are disclosed as follows:

Name of Directors	Total Number of Units/Underlying Units Held	Percentage of Issued Units [4]
Lo Ka Shui	25,965,617 [1]	0.44
Lo Ying Sui	239,000 [2]	0.00
Chu Shik Pui	8,000 [3]	0.00

Notes:

(1) Among these 25,965,617 units and/or underlying units:

- (i) 3,592,007 underlying units were held by Dr. Lo Ka Shui personally;
- (ii) 3,258,610 units and/or underlying units were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies; and
- (iii) 19,115,000 units were held by a charitable trust of which Dr. Lo Ka Shui is the settlor and a member of the Advisory Committee and Management Committee.

(2) Dr. Lo Ying Sui had personal interests in 239,000 units of Champion REIT.

(3) Mr. Chu Shik Pui had personal interests in 8,000 units of Champion REIT.

(4) This percentage has been compiled based on 5,872,789,311 units of Champion REIT in issue as at 31 December 2019.

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 2019, the Group owned 63.45% 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 2019 are disclosed as follows:

Name of Directors	Total Number of SSUs/Underlying SSUs Held	Percentage of Issued SSUs [(6)]
Lo Ka Shui	54,233,500 [(1)]	2.54
Lo To Lee Kwan	306,177 [(2)]	0.01
Wong Yue Chim, Richard	150,000 [(3)]	0.01
Law Wai Duen	280,000 [(4)]	0.01
Lo Ying Sui	320,000 [(5)]	0.01

Notes:

(1) Among these 54,233,500 SSUs:

(i) 8,073,500 SSUs were held by Dr. Lo Ka Shui personally;

(ii) 2,060,000 SSUs were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies; and

(iii) 44,100,000 SSUs were held by a charitable trust of which Dr. Lo Ka Shui is the settlor and a member of the Advisory Committee and Management Committee.

(2) These SSUs were held by two companies wholly-owned by Madam Lo To Lee Kwan who is also a director of these companies. Dr. Lo Ka Shui is a director of one of these companies.

(3) Professor Wong Yue Chim, Richard had personal interests in 150,000 SSUs of LHI.

(4) Madam Law Wai Duen had personal interests in 280,000 SSUs of LHI.

(5) Dr. Lo Ying Sui had personal interests in 320,000 SSUs of LHI.

(6) This percentage has been compiled based on 2,135,606,495 SSUs of LHI in issue as at 31 December 2019.

Save as disclosed above, as at 31 December 2019, 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.

DIRECTOR'S INTERESTS IN COMPETING BUSINESSES

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

Mr. Lo Hong Sui, Vincent is the founder and Chairman of the Shui On Group which was established in 1971. He also holds 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 develop large-scale, mixed-use city-core communities and integrated residential development projects.

– Chairman of SOCAM Development Limited ("SOCAM"), through its subsidiaries, principally engages in property and construction businesses and has business operations in Hong Kong, Macau, and the Chinese Mainland.

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

CONTINUING CONNECTED TRANSACTIONS

The following are continuing connected transactions of the Company which were subject to reporting, announcement and, if appropriate, independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further details are set out in note 40 to the consolidated financial statements. Save as disclosed herein and in note 40 to the consolidated financial statements, there was no transaction, arrangement or contract of significance subsisting during or at the end of the year in which a Director of the Company or an entity connected with a Director of the Company is or was materially interested, either directly or indirectly.

Mr. Lo Kai Shui is a past director of the Company (retired on 10 May 2017) and an associate of Dr. Lo Ka Shui (a substantial Shareholder of the Company), Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent, Dr. Lo Ying Sui and Mr. Lo Chun Him, Alexander, all being Directors of the Company. Accordingly, Mr. Lo Kai Shui is regarded as a connected person of the Company under the Listing Rules. Thus, the following agreements and the transactions contemplated thereunder, which subsisted during the year 2019, constituted continuing connected transactions of the Company under the Listing Rules:

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 commenced from 1 April 2016 and expired 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"), in respect of which announcements dated 21 September 2015 and 20 December 2012 were issued.

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 ended 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.

As at the date of signing of the Renewed Tenancy Agreement, Mr. Lo Kai Shui, through his 30%-controlled companies, was entitled to control the exercise of more than 70% of the voting power at general meetings of SFK Management. Accordingly, SFK Management constituted 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.

The continuing connected transactions contemplated under the Renewed Tenancy Agreement and the Carpark Licence Agreement 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.

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

Note: The Renewed Tenancy Agreement expired on 31 March 2019. The actual transaction amount during the three-month period ended 31 March 2019 was HK$2,127,000, which is within the annual cap stated above.

Review of Continuing Connected Transactions

The Group has put in place a Reporting and Monitoring Policy on Connected Transactions (the "Policy") to set out the internal control systems and monitoring procedures of the Group in respect of executing, recording and reporting of all connected transactions and continuing connected transactions. Under the Policy, each specified department/business unit is required to submit a monthly report with detailed description of all connected transactions and continuing connected transactions (including transactions that are exempt from the disclosure requirements of the Listing Rules) that are expected to be finalised within the next reporting month and the actual transaction amount during the reporting period. For the year ended 31 December 2019, the Internal Audit Department had reviewed connected transactions and continuing connected transactions of the Group and confirmed that there are adequate and effective internal control policies and procedures to ensure that the transactions were so properly conducted.

The amount of continuing connected transactions for the agreements as mentioned above for the year ended 31 December 2019 are as follows:

	HK$
Actual Transaction Sum	2,127,000
Annual Cap	2,516,000*

* The Annual Cap for the transactions for the year ended 31 December 2019 is the announced annual cap for the year ended 31 March 2019 calculated on a pro rata basis.

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 (Revised) "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.

The Independent Non-executive Directors have reviewed the details of the Non-exempt Continuing Connected Transactions, the Register of Non-exempt Continuing Connected Transactions containing all entries during the year and the list of connected transactions (including continuing connected transactions) of the Company during the year ended 31 December 2019 as set out in note 40 of the consolidated financial statements. Based on the Independent Assurance Report on Continuing Connected Transactions issued by the auditor and the comments from Internal Audit Department, the Independent Non-executive Directors of the Company concluded that nothing has come to their attention that causes them to believe that the continuing connected transactions had not been carried out, in all material respects, in accordance with the pricing policies and guidelines under the respective agreements approved by the Board of Directors.

In accordance with Rule 14A.55 of the Listing Rules, the Directors (including the Independent Non-executive Directors) of the Company confirmed the above continuing connected transactions for the year ended 31 December 2019 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 which was adopted pursuant to an ordinary resolution passed on 27 May 2009, 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.

Since the 2009 Share Option Scheme was due to expire on 26 May 2019, at the 2019 Annual General Meeting of the Company held on 22 May 2019, ordinary resolutions were proposed to approve the adoption of 2019 Share Option Scheme and termination of the operation of the 2009 Share Option Scheme. The resolutions were approved by the Shareholders and the 2019 Share Option Scheme became effective for a period of 10 years commencing on 22 May 2019. Options granted during the life of the 2009 Share Option Scheme and remain unexpired prior to the expiry of the 2009 Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the expiry of the 2009 Share Option Scheme.

Further details of the 2009 Share Option Scheme are set out in note 34 to the consolidated financial statements.

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

During the year ended 31 December 2019, no share options were granted under the 2019 Share Option Scheme. Details of the movements in the share options granted to the Company's employees (including Directors and their Associates) under the 2009 Share Option Scheme during the year ended 31 December 2019 are as follows:

	Number of Share Options						
Date of grant[(1)]	Outstanding as at 01/01/2019	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31/12/2019	Exercisable period	Exercise price per share (HK$)
27/02/2014	729,000	–	(729,000)	–	–	28/02/2016 – 27/02/2019	26.05
11/03/2015	980,000	–	(16,000)	(12,000)	952,000	12/03/2017 – 11/03/2020	26.88
14/03/2016	1,758,000	–	(306,000)	(13,000)	1,439,000	15/03/2018 – 14/03/2021	25.70
14/03/2017	4,781,000	–	(938,000)	(198,000)	3,645,000	15/03/2019 – 14/03/2022	37.15
14/03/2018	4,927,000	–	–	(306,000)	4,621,000	15/03/2020 – 14/03/2023	42.40
08/05/2018	300,000	–	–	–	300,000	09/05/2020 – 08/05/2023	38.83
14/03/2019	–	5,673,000[(2)]	–	(315,000)	5,358,000	15/03/2021 – 14/03/2024	39.05
Total	**13,475,000**	**5,673,000**	**(1,989,000)**	**(844,000)**	**16,315,000**		

Notes:

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

(2) During the year ended 31 December 2019, 2,026,000 share options were granted to the Directors of the Company and their Associates, while 3,647,000 share options were granted to eligible employees of the Group. Please refer to the announcement of the Company dated 14 March 2019 for details.

(3) During the year ended 31 December 2019, no share option was cancelled.

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

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

(6) The closing price of the shares of the Company immediately before the date of grant of 14 March 2019, i.e. 13 March 2019 was HK$39.50.

Movements of the Share Options granted to Directors

During the year ended 31 December 2019, 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						
Directors	Date of grant[(1)]	Outstanding as at 01/01/2019	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31/12/2019	Exercise price per share (HK$)	Weighted average closing price immediately before the date of exercise (HK$)
Lo Ka Shui	14/03/2017	670,000	–	(670,000)	–	–	37.15	37.55
	14/03/2018	688,000	–	–	–	688,000	42.40	–
	14/03/2019	–	698,000	–	–	698,000	39.05	–
		1,358,000	698,000	(670,000)	–	1,386,000		
Lo Hong Sui, Antony	27/02/2014	100,000	–	(100,000)	–	–	26.05	37.55
	11/03/2015	100,000	–	–	–	100,000	26.88	–
	14/03/2016	100,000	–	–	–	100,000	25.70	–
	14/03/2017	100,000	–	–	–	100,000	37.15	–
	14/03/2018	100,000	–	–	–	100,000	42.40	–
	14/03/2019	–	100,000	–	–	100,000	39.05	–
		500,000	100,000	(100,000)	–	500,000		
Law Wai Duen	14/03/2017	100,000	–	–	–	100,000	37.15	–
	14/03/2018	100,000	–	–	–	100,000	42.40	–
	14/03/2019	–	100,000	–	–	100,000	39.05	–
		200,000	100,000	–	–	300,000		

Directors	Date of grant[1]	Number of Share Options: Outstanding as at 01/01/2019	Grant during the year	Exercised during the year	Lapsed during the year	Outstanding as at 31/12/2019	Exercise price per share (HK$)	Weighted average closing price immediately before the date of exercise (HK$)
Lo Chun Him, Alexander	27/02/2014	20,000	–	(20,000)	–	–	26.05	37.55
	11/03/2015	50,000	–	–	–	50,000	26.88	–
	14/03/2016	100,000	–	–	–	100,000	25.70	–
	14/03/2017	200,000	–	–	–	200,000	37.15	–
	14/03/2018	220,000	–	–	–	220,000	42.40	–
	14/03/2019	–	238,000	–	–	238,000	39.05	–
		590,000	238,000	(20,000)	–	808,000		
Kan Tak Kwong	27/02/2014	300,000	–	(300,000)	–	–	26.05	37.55
	11/03/2015	310,000	–	–	–	310,000	26.88	–
	14/03/2016	310,000	–	–	–	310,000	25.70	–
	14/03/2017	380,000	–	–	–	380,000	37.15	–
	14/03/2018	430,000	–	–	–	430,000	42.40	–
	14/03/2019	–	450,000	–	–	450,000	39.05	–
		1,730,000	450,000	(300,000)	–	1,880,000		
Chu Shik Pui	27/02/2014	100,000	–	(100,000)	–	–	26.05	37.55
	11/03/2015	120,000	–	–	–	120,000	26.88	–
	14/03/2016	200,000	–	–	–	200,000	25.70	–
	14/03/2017	300,000	–	–	–	300,000	37.15	–
	14/03/2018	350,000	–	–	–	350,000	42.40	–
	14/03/2019	–	380,000	–	–	380,000	39.05	–
		1,070,000	380,000	(100,000)	–	1,350,000		
Associates of Directors of the Company[6]	27/02/2014	110,000	–	(110,000)	–	–	26.05	37.55
	11/03/2015	170,000	–	–	–	170,000	26.88	–
	14/03/2016	152,000	–	–	–	152,000	25.70	–
	14/03/2017	230,000	–	–	–	230,000	37.15	–
	14/03/2018	40,000	–	–	–	40,000	42.40	–
	14/03/2019	–	60,000	–	–	60,000	39.05	–
		702,000	60,000	(110,000)	–	652,000		
Eligible Employees (other than Directors of the Company and their Associates)	27/02/2014	99,000	–	(99,000)	–	–	26.05	37.55
	11/03/2015	230,000	–	(16,000)	(12,000)	202,000	26.88	37.55
	14/03/2016	896,000	–	(306,000)	(13,000)	577,000	25.70	37.55
	14/03/2017	2,801,000	–	(268,000)	(198,000)	2,335,000	37.15	37.55
	14/03/2018	2,999,000	–	–	(306,000)	2,693,000	42.40	–
	08/05/2018	300,000	–	–	–	300,000	38.83	–
	14/03/2019	–	3,647,000	–	(315,000)	3,332,000	39.05	–
		7,325,000	3,647,000	(689,000)	(844,000)	9,439,000		

Notes:

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

Share options granted on 27/02/2014 are exercisable during the period from 28/02/2016 to 27/02/2019.

Share options granted on 11/03/2015 are exercisable during the period from 12/03/2017 to 11/03/2020.

Share options granted on 14/03/2016 are exercisable during the period from 15/03/2018 to 14/03/2021.

Share options granted on 14/03/2017 are exercisable during the period from 15/03/2019 to 14/03/2022.

Share options granted on 14/03/2018 are exercisable during the period from 15/03/2020 to 14/03/2023.

Share options granted on 08/05/2018 are exercisable during the period from 09/05/2020 to 08/05/2023.

Share options granted on 14/03/2019 are exercisable during the period from 15/03/2021 to 14/03/2024.

(2) During the year ended 31 December 2019, no share option was cancelled.

(3) Consideration paid for acceptance of 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 14 March 2019, i.e. 13 March 2019 was HK$39.50.

(6) Being share options held by Mr. Lo Kai Shui, Ms. Lo Bo Lun, Katherine, Mr. Lo Chun Cheong and Mr. Lo Chun Lai, Andrew.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2019, the interests and short positions of persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO as having an interest in 5% or more of the issued share capital of the Company are as follows:

Long positions in shares of the Company

Name of Shareholders	Total Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital (7)
HSBC International Trustee Limited	297,033,752 (1)	41.93
Powermax Agents Limited	172,704,109 (2)	24.38
Surewit Finance Limited	41,454,452 (3)	5.85
Eagle Guardian Limited	38,758,366 (4)	5.47
Mind Reader Limited	40,072,955 (5)	5.66
Adscan Holdings Limited	35,628,206 (6)	5.03

Notes:

(1) The number of shares disclosed was based on the latest Disclosure of Interest Form (with the date of relevant event as at 31 December 2018) received from HSBC International Trustee Limited ("HITL"). According to the latest disclosures made by the Directors of the Company, as at 31 December 2019:

(i) 236,340,550 shares representing 33.36% of the issued share capital of the Company were held in the name of HITL as a trustee of a discretionary trust, of which Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, are among the discretionary beneficiaries.

(ii) 61,705,359 shares representing 8.71% 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 172,704,109 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 41,454,452 shares held by it were among the shares referred to in Note (1)(ii) above. Dr. Lo Ka Shui is a director of this company.

(4) Eagle Guardian Limited is a company wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of this company.

(5) Mind Reader Limited is a company wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of this company.

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

(7) This percentage has been compiled based on 708,382,048 shares of the Company in issue as at 31 December 2019.

Save as disclosed above, as at 31 December 2019, 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 97 to 101) 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 and 2019 Share Option Scheme adopted by the Company as disclosed under section headed "Share Option Schemes" 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.

EQUITY-LINKED AGREEMENTS

Save and except the 2009 Share Option Scheme and 2019 Share Option Scheme adopted by the Company as disclosed under the section headed "Share Option Schemes" of this report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

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

DONATIONS

The Group's charitable and other donations during the year amounted to HK$1,608,000 (2018: HK$352,432). In addition, the Group sponsored a few deserving projects in the community during the year. Details of our sponsorships are set out in "Environmental, Social and Governance Report – Community Engagement" on pages 48 to 49 of this Annual Report.

AUDITOR

Announcement on the draft consolidated financial results of the Company and its subsidiaries for the year ended 31 December 2019 was published and approved by the Board on 25 February 2020. The Group's audited consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 was approved by the Board on 6 March 2020 and the figures contained herein are consistent with those set out in the announcement of the Company on 25 February 2020.

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, 5 May 2020.

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 65 to 90 of this Annual Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company has complied with the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide. The "Environmental, Social and Governance Report" is set out on pages 27 to 57 of this Annual Report.

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

Hong Kong, 6 March 2020

INDEPENDENT AUDITOR'S REPORT

Deloitte. 德勤

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

OPINION

We have audited the consolidated financial statements of Great Eagle Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 117 to 234, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant judgments associated with determining the fair value. As disclosed in note 14 to the consolidated financial statements, the Group's investment properties amounted to HK$87,322,962,000, as at 31 December 2019 represented 68.24% of the Group's total assets. Fair value losses on investments properties of HK$2,146,787,000 were recognised in the consolidated income statement for the year then ended. The Group's investment properties are carried at fair value based on valuation performed by independent professional property valuers. Details of the valuation techniques and key inputs used in the valuations are disclosed in note 14 to the consolidated financial statements. The valuations are dependent on certain key inputs that involve the management's and independent professional property valuers' judgments, including capitalisation rate, market rent per square foot, annual income and market observable transactions of similar properties. A table showing the relationship of significant unobservable inputs to fair value is also disclosed in note 14.	Our procedures in relation to the valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the independent professional property valuers; • Obtaining an understanding from the independent professional property valuers about the valuation techniques, the performance of the property markets, significant assumptions adopted, critical judgmental areas, key inputs and data used in the valuations; • Evaluating the reasonableness of the key inputs used in the valuations by comparing the rentals, capitalisation rate and market observable transactions for valuation with other similar properties, market trend and comparable data of companies within the same industry; and • Assessing the integrity of information provided by the management to the independent professional property valuers by comparing details of rentals on a sample basis to the respective underlying existing lease agreements.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Chan Ching Chu.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
6 March 2020

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue	5	**9,236,830**	10,156,180
Cost of goods and services		**(5,194,954)**	(5,992,257)
Operating profit before depreciation		**4,041,876**	4,163,923
Depreciation		**(768,529)**	(712,514)
Operating profit		**3,273,347**	3,451,409
Fair value changes on investment properties	14	**(2,146,787)**	6,660,669
Fair value changes on derivative financial instruments		**(51,303)**	(77,541)
Fair value changes on financial assets at fair value through profit or loss		**24,837**	(37,618)
Other income	7	**232,036**	259,866
Administrative and other expenses		**(639,038)**	(511,718)
Finance costs	8	**(884,426)**	(821,256)
Share of results of joint ventures		**43,860**	(10,389)
Share of results of associates		**1,191**	773
(Loss) profit before tax		**(146,283)**	8,914,195
Income taxes	9	**(429,789)**	(526,500)
(Loss) profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	10	**(576,072)**	8,387,695
(Loss) profit for the year attributable to:			
Owners of the Company		**(337,790)**	5,810,713
Non-controlling interests		**(49,451)**	(90,760)
		(387,241)	5,719,953
Non-controlling unitholders of Champion REIT		**(188,831)**	2,667,742
		(576,072)	8,387,695
(Loss) earnings per share:	13		
Basic		**(HK$0.48)**	HK$8.33
Diluted		**(HK$0.48)**	HK$8.31

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	NOTE	2019 HK$'000	2018 HK$'000
(Loss) profit for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT		**(576,072)**	8,387,695
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Fair value gain (loss) on equity instruments at fair value through other comprehensive income		**67,875**	(122,078)
Share of other comprehensive expense of an associate		**(8,312)**	(13,655)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(13,303)**	(231,759)
Share of other comprehensive income (expense) of a joint venture		**11,366**	(44,880)
Cash flow hedges:			
Fair value adjustment on cross currency swaps and interest rate swaps designated as cash flow hedges	21	**57,113**	(8,540)
Reclassification of fair value adjustments to profit or loss	21	**2,668**	(509)
Other comprehensive income (expense) for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT		**117,407**	(421,421)
Total comprehensive (expense) income for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT		**(458,665)**	7,966,274
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(237,343)**	5,390,474
Non-controlling interests		**(52,720)**	(88,883)
		(290,063)	5,301,591
Non-controlling unitholders of Champion REIT		**(168,602)**	2,664,683
		(458,665)	7,966,274

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Investment properties	14	87,322,962	89,408,450
Property, plant and equipment	15	20,201,239	19,630,708
Interests in joint ventures	16	112,116	1,352,771
Interests in associates	17	55,700	68,755
Equity instruments at fair value through other comprehensive income	18	1,034,736	900,472
Notes and loan receivables	19	755,421	339,100
Derivative financial instruments	20, 21	65,652	66,322
		109,547,826	111,766,578
Current assets			
Stock of properties	22	6,096,557	4,685,334
Inventories	23	126,821	145,990
Debtors, deposits and prepayments	24	853,885	995,993
Notes and loan receivables	19	15,613	–
Financial assets at fair value through profit or loss	25	234,665	230,032
Derivative financial instruments	20, 21	11,562	71
Tax recoverable		608	1,054
Restricted cash	26	166,405	170,798
Time deposits with original maturity over three months	26	200,000	702,833
Bank balances and cash	26	10,706,504	8,544,217
		18,412,620	15,476,322
Asset classified as held for sale	27	–	1,182,557
		18,412,620	16,658,879
Current liabilities			
Creditors, deposits and accruals	28	4,534,943	3,882,883
Derivative financial instruments	20	4,198	–
Provision for taxation		526,998	104,119
Distribution payable		264,668	271,748
Borrowings due within one year	29	4,146,215	4,981,198
Medium term notes	30	199,929	–
Lease liabilities	31	11,513	–
		9,688,464	9,239,948
Net current assets		8,724,156	7,418,931
Total assets less current liabilities		118,271,982	119,185,509

At 31 December 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Derivative financial instruments	20, 21	**115,007**	99,969
Borrowings due after one year	29	**21,523,056**	20,643,663
Medium term notes	30	**5,326,277**	5,536,292
Deferred taxation	32	**1,379,636**	1,395,342
Lease liabilities	31	**18,232**	–
		28,362,208	27,675,266
NET ASSETS		**89,909,774**	91,510,243
Equity attributable to:			
Owners of the Company			
Share capital	33	**354,191**	349,324
Share premium and reserves		**68,568,106**	69,003,488
		68,922,297	69,352,812
Non-controlling interests		**(913,557)**	(547,961)
		68,008,740	68,804,851
Net assets attributable to non-controlling unitholders of Champion REIT		**21,901,034**	22,705,392
		89,909,774	91,510,243

The consolidated financial statements on pages 117 to 234 were approved and authorised for issue by the Board of Directors on 6 March 2020 and are signed on its behalf by:

Lo Ka Shui
DIRECTOR

Kan Tak Kwong
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	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	Non-controlling interests HK$'000	Total equity HK$'000	Amount attributable to non-controlling unitholders of Champion REIT HK$'000	Total HK$'000
At 31 December 2017	344,295	5,619,734	217,565	23,109	3,054	400,965	(446,770)	43,895	(4,064)	8,123,352	50,143,577	64,468,712	(346,792)	64,121,920	20,706,511	84,828,431
Adjustments on adoption of HKFRS 9	–	–	(168,080)	–	–	–	–	–	–	–	168,080	–	–	–	–	–
At 1 January 2018 (restated)	344,295	5,619,734	49,485	23,109	3,054	400,965	(446,770)	43,895	(4,064)	8,123,352	50,311,657	64,468,712	(346,792)	64,121,920	20,706,511	84,828,431
Profit (loss) for the year	–	–	–	–	–	–	–	–	–	–	5,810,713	5,810,713	(90,760)	5,719,953	2,667,742	8,387,695
Fair value loss on equity instruments at fair value through other comprehensive income	–	–	(122,078)	–	–	–	–	–	–	–	–	(122,078)	–	(122,078)	–	(122,078)
Share of other comprehensive expense of an associate	–	–	(13,655)	–	–	–	–	–	–	–	–	(13,655)	–	(13,655)	–	(13,655)
Change in fair value of cash flow hedges	–	–	–	–	–	–	–	–	(5,990)	–	–	(5,990)	–	(5,990)	(3,059)	(9,049)
Exchange differences arising on translation of foreign operations	–	–	242	–	–	–	(233,729)	–	–	(149)	–	(233,636)	1,877	(231,759)	–	(231,759)
Share of other comprehensive expense of joint ventures	–	–	–	–	–	–	(44,880)	–	–	–	–	(44,880)	–	(44,880)	–	(44,880)
Total comprehensive (expense) income for the year	–	–	(135,491)	–	–	–	(278,609)	–	(5,990)	(149)	5,810,713	5,390,474	(88,883)	5,301,591	2,664,683	7,966,274
Transaction with non-controlling unitholders of Champion REIT:																
Distribution to non-controlling unitholders of Champion REIT	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(522,051)	(522,051)
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(522,051)	(522,051)
Transaction with owners:																
Dividend paid	–	–	–	–	–	–	–	–	–	–	(907,860)	(907,860)	–	(907,860)	–	(907,860)
Transfer of gain on disposal of equity instruments at fair value through other comprehensive income	–	–	(5,601)	–	–	–	–	–	–	–	5,601	–	–	–	–	–
Shares issued at premium	5,029	347,753	–	–	–	–	–	(13,859)	–	–	–	338,923	–	338,923	–	338,923
Share issue expenses	–	(113)	–	–	–	–	–	–	–	–	–	(113)	–	(113)	–	(113)
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	30,674	–	–	–	30,674	–	30,674	–	30,674
Increase of interests in subsidiaries (note b)	–	–	–	–	–	–	–	–	–	34,929	–	34,929	44,601	79,530	(143,751)	(64,221)
Waiver of distribution from a subsidiary (note c)	–	–	–	–	–	–	–	–	–	–	(2,927)	(2,927)	2,927	–	–	–
Distribution to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(159,814)	(159,814)	–	(159,814)
At 31 December 2018	349,324	5,967,374	(91,607)	23,109	3,054	400,965	(725,379)	60,710	(10,054)	8,158,132	55,217,184	69,352,812	(547,961)	68,804,851	22,705,392	91,510,243

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	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	Non-controlling interests HK$'000	Total equity HK$'000	Amount attributable to non-controlling unitholders of Champion REIT HK$'000	Total HK$'000
At 31 December 2018	349,324	5,967,374	(91,607)	23,109	3,054	400,965	(725,379)	60,710	(10,054)	8,158,132	55,217,184	69,352,812	(547,961)	68,804,851	22,705,392	91,510,243
Adjustments on adoption of HKFRS 16	-	-	-	-	-	-	-	-	-	-	2,862	2,862	-	2,862	-	2,862
At 1 January 2019 (restated)	349,324	5,967,374	(91,607)	23,109	3,054	400,965	(725,379)	60,710	(10,054)	8,158,132	55,220,046	69,355,674	(547,961)	68,807,713	22,705,392	91,513,105
Loss for the year	-	-	-	-	-	-	-	-	-	-	(337,790)	(337,790)	(49,451)	(387,241)	(188,831)	(576,072)
Fair value gain on equity instruments at fair value through other comprehensive income	-	-	67,875	-	-	-	-	-	-	-	-	67,875	-	67,875	-	67,875
Share of other comprehensive expense of an associate	-	-	(8,312)	-	-	-	-	-	-	-	-	(8,312)	-	(8,312)	-	(8,312)
Change in fair value of cash flow hedges	-	-	-	-	-	-	-	-	39,552	-	-	39,552	-	39,552	20,229	59,781
Exchange differences arising on translation of foreign operations	-	-	(177)	-	-	-	(10,193)	-	-	336	-	(10,034)	(3,269)	(13,303)	-	(13,303)
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	11,366	-	-	-	-	11,366	-	11,366	-	11,366
Total comprehensive income (expense) for the year	-	-	59,386	-	-	-	1,173	-	39,552	336	(337,790)	(237,343)	(52,720)	(290,063)	(168,602)	(458,665)
Transaction with non-controlling unitholders of Champion REIT:																
Distribution to non-controlling unitholders of Champion REIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(529,776)	(529,776)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(529,776)	(529,776)
Transaction with owners:																
Dividend paid	-	-	-	-	-	-	-	-	-	-	(584,053)	(584,053)	-	(584,053)	-	(584,053)
Transfer of gain on disposal of equity instruments at fair value through other comprehensive income	-	-	15,036	-	-	-	-	-	-	-	(15,036)	-	-	-	-	-
Shares issued at premium	4,867	325,983	-	-	-	-	-	(11,862)	-	-	-	318,988	-	318,988	-	318,988
Share issue expenses	-	(107)	-	-	-	-	-	-	-	-	-	(107)	-	(107)	-	(107)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	31,506	-	-	-	31,506	-	31,506	-	31,506
Increase of interests in subsidiaries (note b)	-	-	-	-	-	-	-	-	-	37,632	-	37,632	44,476	82,108	(105,980)	(23,872)
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(185,176)	(185,176)	-	(185,176)
Recognised on acquisition of interests in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(172,176)	(172,176)	-	(172,176)
At 31 December 2019	354,191	6,293,250	(17,185)	23,109	3,054	400,965	(724,206)	80,354	29,498	8,196,100	54,283,167	68,922,297	(913,557)	68,008,740	21,901,034	89,909,774

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 (both defined in note 6) upon the settlement of management fees in units and purchase of units of Champion REIT and Langham from the market by the Group.

(c) Pursuant to a distribution entitlement waiver deed, LHIL Assets Holdings Limited, a subsidiary, has agreed to waive its entitlement to receive any distributions repayable from its 50,000,000 share stapled units for 2017 in Langham. During the period ended 30 June 2018, distribution of HK$2,927,000 was waived by the Group.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
Operating activities		
(Loss) profit before tax	**(146,283)**	8,914,195
Adjustments for:		
Dividends received from equity securities held for trading	**(6,711)**	(5,300)
Dividends received from equity instruments at fair value through other comprehensive income	**(14,659)**	(20,947)
Fitting-out works of hotel buildings written off	**47,558**	3,985
Income arising from historical tax credit	**–**	(86,064)
Interest income	**(223,818)**	(159,875)
Fair value changes on investment properties	**2,146,787**	(6,660,669)
Fair value changes on derivative financial instruments	**51,303**	77,541
Fair value changes on financial assets at fair value through profit or loss	**(24,837)**	37,618
Write-down of properties held for sales	**32,525**	183,660
Allowance for doubtful debts	**507**	1,162
Depreciation	**768,529**	712,514
Recognition of share-based payments	**31,506**	30,674
Interest expense	**884,426**	821,256
Share of results of joint ventures	**(43,860)**	10,389
Share of results of associates	**(1,191)**	(773)
Exchange differences	**3,679**	(513)
Operating cash flows before movements in working capital	**3,505,461**	3,858,853
Decrease in debtors, deposits and prepayments	**177,448**	51,482
Decrease (increase) in inventories	**19,169**	(36,363)
Increase in creditors, deposits and accruals	**661,061**	203,374
Increase in stock of properties	**(1,383,197)**	(235,694)
Increase in derivative financial instruments	**–**	2,589
Increase in equity securities held for trading	**(8,547)**	(93,894)
Cash generated from operations	**2,971,395**	3,750,347
Hong Kong Profits Tax paid	**(24,522)**	(363,111)
Other jurisdictions tax paid	**(87,059)**	(87,809)
Hong Kong Profits Tax refunded	**1**	7
Other jurisdictions tax refunded	**90,060**	2,154
Net cash from operating activities	**2,949,875**	3,301,588

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
Investing activities		
Additions of equity instruments at fair value through other comprehensive income	**(120,968)**	(54,872)
Additions of financial assets at fair value through profit or loss	**(25,000)**	(260,845)
Additions of interests in a joint venture	**–**	(7,079)
Additions of investment properties	**(66,601)**	(45,069)
Advance of loan receivables	**(3,112)**	(31,442)
Additions of property, plant and equipment	**(1,356,875)**	(853,183)
Additions of notes receivables	**(435,821)**	–
Dividends received from associates	**5,933**	7,538
Dividends received from		
– equity instruments at fair value through other comprehensive income	**14,659**	19,575
– equity securities held for trading	**3,715**	2,472
Distribution and repayment from a joint venture	**1,295,673**	–
Interest received	**190,732**	140,033
Withdrawal (placement) of restricted cash	**1,876**	(80,314)
Proceeds on disposal of		
– equity instruments at fair value through other comprehensive income	**51,383**	12,719
– financial assets at fair value through profit or loss	**45,000**	229,179
Proceeds on redemption of notes receivable	**–**	23,503
Proceeds on disposal of property, plant and equipment	**2,908**	860
Proceeds on disposal of asset classified as held for sale	**1,176,139**	–
Placement of time deposits with original maturity over three months	**–**	(297,289)
Withdrawal of time deposits with original maturity over three months	**502,833**	1,473,023
Net cash from investing activities	**1,282,474**	278,809
Financing activities		
Bank loans origination fees	**(99,121)**	(9,307)
Change of interests in subsidiaries	**(196,045)**	(64,224)
Distribution paid to non-controlling unitholders of Champion REIT	**(537,159)**	(501,099)
Distribution paid to non-controlling interests	**(185,175)**	(159,814)
Dividends paid to shareholders	**(327,195)**	(659,526)
Interest paid	**(895,702)**	(825,933)
Issue of shares	**62,025**	90,474
New bank loans raised	**14,554,208**	1,904,278
Proceeds from issuance of medium term notes	**–**	925,000
Repayments of bank loans	**(14,466,094)**	(2,125,856)
Repayments of lease liabilities	**(13,543)**	–
Transaction costs for issuance of medium term notes	**–**	(13,029)
Net cash used in financing activities	**(2,103,801)**	(1,439,036)

For the year ended 31 December 2019

	2019 HK$'000	2018 HK$'000
Net increase in cash and cash equivalents	**2,128,548**	2,141,361
Effect of foreign exchange rates changes	**33,739**	(88,706)
Cash and cash equivalents at the beginning of the year	**8,544,217**	6,491,562
Cash and cash equivalents at the end of the year Included in bank balances and cash	**10,706,504**	8,544,217

1. GENERAL

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

The principal activity of the Company is investment holding.

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

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

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

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

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

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

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

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "*Leases*" ("HKAS 17"), and the related interpretations.

Definition of a lease

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

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

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

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

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

ii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong and the PRC was determined on a portfolio basis.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.01% per annum.

	At 1 January 2019 HK$'000
Operating lease commitments disclosed as at 31 December 2018	44,350
Difference for lease liabilities discounted at relevant incremental borrowing rates	(2,065)
Lease liabilities as at 1 January 2019	42,285
Analysed as	
Current	12,297
Non-current	29,988
	42,285

The carrying amount of right-of-use assets as at 1 January 2019 comprises right-of-use assets relating to operating leases recognised upon application of HKFRS 16 is HK$42,285,000.

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

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

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted for as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective from 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The adjustments have no material financial impact on the consolidated financial statements of the Group for the year.

(c) Effective on 1 January 2019, the Group has applied HKFRS 15 "Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK$'000	Adjustments HK$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK$'000
Non-current assets			
Property, plant and equipment	19,630,708	42,285	19,672,993
Current liabilities			
Lease liabilities	–	12,297	12,297
Non-current liabilities			
Lease liabilities	–	29,988	29,988

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

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

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

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

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

Amendments to HKAS 1 and HKAS 8 "*Definition of Material*"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

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

New and amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 "*Interest Rate Benchmark Reform*"

The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in HKFRS 9 and HKAS 39 "*Financial Instruments: Recognition and Measurement*", which require forward-looking analysis. The amendments modify specific hedge accounting requirements so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments also require specific disclosures about the extent to which the entities' hedging relationships are affected by the amendments. There are also amendments to HKFRS 7 "*Financial Instruments: Disclosures*" regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. The Directors of the Company anticipate that the application of these amendments to HKFRSs will have no material impact on the consolidated financial statements.

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 ("Listing Rules") and by the Hong Kong Companies Ordinance.

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

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

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, except for share-based payment transactions that are within the scope of HKFRS 2 "*Share-based Payment*", leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "*Inventories*" or value in use in HKAS 36 "*Impairment of Assets*".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The significant accounting policies are set out below.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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 the Group's accounting policies.

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

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

Changes in the Group's interests in existing subsidiaries

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

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, except that:

- deferred tax assets or liabilities, and assets or liabilities 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 (see the accounting policy below);

- 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; and

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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 amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount 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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. 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.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

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 retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Revenue from contracts with customers

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

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

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.

Property, plant and equipment

Property, plant and equipment including owner occupied land and buildings held for use in the supply of services, or for administrative purposes (other than properties under construction and freehold land as described below) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. 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 any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Ownership interests in leasehold land and building (continued)

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" (upon application of HKFRS 16) or "prepaid lease payments" (before application of HKFRS 16) in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

If a property 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 (including the relevant leasehold land under HKFRS 16 or prepaid lease payments under HKAS 17) 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 property, the relevant revaluation reserve will be transferred directly to retained profits.

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.

Interests in associates and joint ventures

An associate is an entity over which the Group 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 joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate or joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. 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 Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 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 is not allocated to any asset, including goodwill, that 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.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. 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) upon disposal/partial disposal of the relevant associate or joint venture.

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)

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

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

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) 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 (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Properties under development for sale and properties held for sale

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current asset held for sale

Non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to the terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

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

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (continued)

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned.

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

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which case the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

The Group as a lessee (prior to 1 January 2019)

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.

Operating lease payments, including the cost of acquiring land held under operating leases, 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.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Upon application of HKFRS 16 on 1 January 2019, variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

In the event that lease incentives, including rent free periods, are given to enter into operating leases, such incentives are recognised as deferred lease payments. 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessor (upon application of HKFRS 16 in accordance with transitions in note 2)

Allocation of consideration to components of a contract

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

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

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

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

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), using exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange translation reserve) (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal of interest in a joint arrangement or an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the Company's shareholders are reclassified to profit or loss.

Borrowing costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs (continued)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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.

Short-term employee benefits

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

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

Taxation

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

For the purpose of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "*Income Tax*" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income 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. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

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

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

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

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

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

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

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

The Group always recognises lifetime ECL for trade debtors and retention money receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)
For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL (continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determination the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (prior to 1 January 2019).

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

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

Derecognition of financial assets

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

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities at amortised cost

Financial liabilities (including trade creditors, other payables, rental deposits received, 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)

Derecognition of financial liabilities

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

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

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of HKFRS 9 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

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

Assessment of hedging relationship and effectiveness

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Hedge accounting (continued)

Fair value hedges
The fair value change on qualifying hedging instruments is recognised in profit or loss.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

Cash flow hedges
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.

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.

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

Discontinuation of hedge accounting
The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For fair value hedge of debt instruments at amortised cost or debt instrument at FVTOCI, the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

At the end of the reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on assessment of all relevant non-market vesting conditions. 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.

When shares granted are vested, the amount previously recognised in share option reserve will be transferred to share premium.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

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 underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical 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.

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, capital gain taxes and land appreciation tax on disposal of its investment properties as appropriate.

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 2019 effectively holds 49.97% (2018: 49.97%) 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)

Key sources of estimation uncertainty

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

Investment properties

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

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

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

Stock of properties

As explained in note 3, the Group's properties under development for sale and properties held for sale are stated at the lower of cost and net realisable value. The Directors make significant judgments in determining the net realisable value of stock of properties based on estimated selling prices less anticipated costs to completion of these stock of properties.

Based on the nature of the subject properties, the Directors determine the net realisable value of these stock of properties by reference to the anticipated unit selling prices of the stock of properties, which takes into account a number of factors including the recent prices of similar property types in the same project or by similar properties, and the prevailing and forecasted property markets in the relevant jurisdiction. The Directors estimate the anticipated costs to completion of the stock of properties by reference to the actual development costs incurred, construction contracts committed and relevant market information showing the latest cost trend.

If there is an increase in costs to completion or a decrease in net realisable value, this may result in write-downs for these stock of properties. Such write-downs require the use of judgment and estimates of the Directors.

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

Key sources of estimation uncertainty (continued)

Derivative financial instruments

As described in notes 20 and 21, the fair values of derivative financial instruments 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, interest rate swaps and other derivative financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Note 42 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 instruments 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.

Estimated impairment of hotel properties

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

At the end of the reporting period, the Group reviews the carrying amounts of its hotel buildings and hotel buildings under development to determine whether there is any indication that those properties have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant property is estimated in order to determine the extent of the impairment loss (if any).

The Directors make significant judgments in determining the recoverable amount of hotel buildings and hotel buildings under development on value in use basis. Based on the nature of the subject properties, the Directors determine the recoverable amount of these properties by reference to the forecasted future operating cash flows of the properties and, when applicable, the anticipated costs to completion of the hotel buildings under development by reference to the actual development costs incurred, construction contracts committed and relevant market information showing the latest cost trend.

If there is a decrease of forecasted future operating cash flows of the properties, an increase in costs to completion or a decrease in recoverable amount, this may result in impairment of these hotel buildings and hotel buildings under development. Such impairment assessment requires the use of judgment and estimates of the Directors.

5. REVENUE

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

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

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

2019	**Hotel operation HK$'000**	**Property investment HK$'000**	**Property development HK$'000**	**Other operations HK$'000**	**Sub-total HK$'000**	**Champion REIT HK$'000**	**Langham HK$'000**	**US Real Estate Fund HK$'000**	**Eliminations HK$'000**	**Consolidated HK$'000**
Hotel income	**5,600,175**	**–**	**–**	**–**	**5,600,175**	**–**	**482,224**	**–**	**(536,875)**	**5,545,524**
Building management service income	**–**	**25,560**	**–**	**–**	**25,560**	**302,528**	**–**	**–**	**(6,391)**	**321,697**
Sales of properties	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**45,947**	**–**	**45,947**
Sales of goods	**–**	**–**	**–**	**213,863**	**213,863**	**–**	**–**	**–**	**(135)**	**213,728**
Others	**–**	**–**	**–**	**594,393**	**594,393**	**–**	**–**	**–**	**(424,746)**	**169,647**
Revenue from contracts with customers	**5,600,175**	**25,560**	**–**	**808,256**	**6,433,991**	**302,528**	**482,224**	**45,947**	**(968,147)**	**6,296,543**
Rental income from investment properties	**–**	**193,073**	**–**	**–**	**193,073**	**2,778,142**	**1,659**	**1,099**	**(55,056)**	**2,918,917**
Dividend income	**–**	**–**	**–**	**21,370**	**21,370**	**–**	**–**	**–**	**–**	**21,370**
	5,600,175	**218,633**	**–**	**829,626**	**6,648,434**	**3,080,670**	**483,883**	**47,046**	**(1,023,203)**	**9,236,830**

2018	Hotel operation HK$'000	Property investment HK$'000	Property development HK$'000	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000	US Real Estate Fund HK$'000	Eliminations HK$'000	Consolidated HK$'000
Hotel income	6,022,816	–	–	–	6,022,816	–	615,125	–	(687,257)	5,950,684
Building management service income	–	25,795	–	–	25,795	287,726	–	–	–	313,521
Sales of properties	–	–	–	–	–	–	–	578,156	–	578,156
Sales of goods	–	–	–	198,129	198,129	–	–	–	(651)	197,478
Others	–	–	–	546,121	546,121	–	–	–	(399,558)	146,563
Revenue from contracts with customers	6,022,816	25,795	–	744,250	6,792,861	287,726	615,125	578,156	(1,087,466)	7,186,402
Rental income from investment properties	–	205,046	–	–	205,046	2,677,246	375	86,207	(25,343)	2,943,531
Dividend income	–	–	–	26,247	26,247	–	–	–	–	26,247
	6,022,816	230,841	–	770,497	7,024,154	2,964,972	615,500	664,363	(1,112,809)	10,156,180

5. REVENUE (continued)

(i) Disaggregation of revenue from contracts with customers:

– by source of revenue:

2019

	Revenue recognised at a point in time HK$'000	Revenue recognised over time HK$'000	Total HK$'000
Hotel income			
– room revenue	–	3,221,844	3,221,844
– food & beverage revenue	1,930,870	–	1,930,870
– others	239,343	153,467	392,810
Building management service income	–	321,697	321,697
Sales of properties	45,947	–	45,947
Sales of goods	206,503	7,225	213,728
Others	–	169,647	169,647
Revenue from contracts with customers	2,422,663	3,873,880	6,296,543
Rental income from investment properties			2,918,917
Dividend income			21,370
			9,236,830

2018

	Revenue recognised at a point in time HK$'000	Revenue recognised over time HK$'000	Total HK$'000
Hotel income			
– room revenue	–	3,647,824	3,647,824
– food & beverage revenue	1,928,829	–	1,928,829
– others	230,812	143,219	374,031
Building management service income	–	313,521	313,521
Sales of properties	578,156	–	578,156
Sales of goods	189,095	8,383	197,478
Others	–	146,563	146,563
Revenue from contracts with customers	2,926,892	4,259,510	7,186,402
Rental income from investment properties			2,943,531
Dividend income			26,247
			10,156,180

5. REVENUE (continued)

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

– by geographical locations:

2019

	Revenue recognised at a point in time HK$'000	Revenue recognised over time HK$'000	Total HK$'000
Hong Kong	866,659	1,202,367	2,069,026
The USA	677,133	1,005,026	1,682,159
Canada	99,223	466,013	565,236
The United Kingdom	209,966	437,506	647,472
Australia	188,667	282,782	471,449
New Zealand	146,652	140,266	286,918
The PRC	226,801	338,828	565,629
Others	7,562	1,092	8,654
Revenue from contracts with customers	2,422,663	3,873,880	6,296,543
Rental income from investment properties			2,918,917
Dividend income			21,370
			9,236,830

2018

	Revenue recognised at a point in time HK$'000	Revenue recognised over time HK$'000	Total HK$'000
Hong Kong	849,610	1,453,374	2,302,984
The USA	1,157,669	1,065,694	2,223,363
Canada	109,591	497,553	607,144
The United Kingdom	205,575	427,184	632,759
Australia	197,130	309,851	506,981
New Zealand	149,335	154,157	303,492
The PRC	256,504	350,242	606,746
Others	1,478	1,455	2,933
Revenue from contracts with customers	2,926,892	4,259,510	7,186,402
Rental income from investment properties			2,943,531
Dividend income			26,247
			10,156,180

5. REVENUE (continued)

(ii) Performance obligations for contracts with customers:

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

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

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

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

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

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

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

5. REVENUE (continued)

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

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

2019

	Within one year HK$'000	More than one year but not more than two years HK$'000	More than two years HK$'000	Total HK$'000
Hotel income	**417,029**	**24,564**	**2,452**	**444,045**
Sales of properties	**4,437,626**	**–**	**–**	**4,437,626**
Sales of goods	**110,246**	**46,883**	**–**	**157,129**
Others	**34,670**	**–**	**–**	**34,670**
	4,999,571	**71,447**	**2,452**	**5,073,470**

2018

	Within one year HK$'000	More than one year but not more than two years HK$'000	More than two years HK$'000	Total HK$'000
Hotel income	591,105	102,311	13,223	706,639
Sales of goods	181,527	55,496	11,419	248,442
Others	14,784	–	–	14,784
	787,416	157,807	24,642	969,865

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts of building management service such that the above information does not include revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for building management service that had an original expected duration of one year or less.

6. SEGMENT INFORMATION

Operating segments are identified on the basis of organisational structure and internal reports about components of the Group. Such internal reports are regularly reviewed by the chief operating decision maker ("CODM") (i.e. the chairman and managing director of the Group) in order to allocate resources to segments and to assess their performance. Performance assessment is more specifically focused on the segment results of the US Real Estate Fund and each listed group, including Great Eagle Holdings Limited, Champion Real Estate Investment Trust ("Champion REIT") and Langham Hospitality Investments and Langham Hospitality Investments Limited ("Langham").

The Group's operating and reportable segments under HKFRS 8 "Operating Segments" are as follows:

Hotel operation	–	hotel accommodation, food and banquet operations as well as hotel management.
Property investment	–	gross rental income and building management service income from leasing of furnished apartments and properties held for investment potential.
Property development	–	income from selling of properties held for sale.
Other operations	–	sale of building materials, flexible workspace operation, investment in securities, provision of property management, maintenance and property agency services.
Results from Champion REIT	–	based on published financial information of Champion REIT.
Results from Langham	–	based on financial information of Langham.
US Real Estate Fund	–	based on income from sale of properties 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 (hereinafter referred to as the "Great Eagle Operations") represent the results of each segment without including any effect of allocation of interest income from bank balances and cash centrally managed, central administration costs, Directors' salaries, share of results of joint ventures, share of results of associates, depreciation, fair value changes on investment properties, derivative financial instruments and financial assets at FVTPL, other income, finance costs and income taxes. The hotel operation segment result has been arrived at after reversing intra-group HKFRS 16 impact for its role as a lessee to the three hotel properties owned by Langham. This is the measurement basis reported to the CODM for the purposes of resource allocation and performance assessment.

6. SEGMENT INFORMATION (continued)

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

Segment revenue and results

2019

	Hotel operation HK$'000	Property investment HK$'000	Property development HK$'000 (note 1)	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000 (note 2)	US Real Estate Fund HK$'000 (note 3)	Eliminations HK$'000	Consolidated HK$'000
REVENUE										
External revenue	5,545,524	217,951	–	404,745	6,168,220	3,019,905	1,659	47,046	–	9,236,830
Inter-segment revenue	54,651	682	–	424,881	480,214	60,765	482,224	–	(1,023,203)	–
Total	5,600,175	218,633	–	829,626	6,648,434	3,080,670	483,883	47,046	(1,023,203)	9,236,830

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

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

6. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

2018

	Hotel operation HK$'000	Property investment HK$'000	Property development HK$'000 (note 1)	Other operations HK$'000	Sub-total HK$'000	Champion REIT HK$'000	Langham HK$'000 (note 2)	US Real Estate Fund HK$'000 (note 3)	Eliminations HK$'000	Consolidated HK$'000
REVENUE										
External revenue	5,950,684	230,159	–	370,288	6,551,131	2,940,311	375	664,363	–	10,156,180
Inter-segment revenue	72,132	682	–	400,209	473,023	24,661	615,125	–	(1,112,809)	–
Total	6,022,816	230,841	–	770,497	7,024,154	2,964,972	615,500	664,363	(1,112,809)	10,156,180

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

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

Notes:

1. There were no revenue and segment result recognised during the year as the properties directly held were under development.

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

3. During the year, income from sale of properties and rental income of HK$45,947,000 (2018: HK$578,156,000) and HK$1,099,000 (2018: HK$86,207,000) respectively, were recognised by the US Real Estate Fund.

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

31 December 2019

	Assets HK$'000	Liabilities HK$'000	Net Assets HK$'000
Hotel operation (note a)	**18,395,259**	**7,519,156**	**10,876,103**
Property investment (note a)	**6,556,581**	**77,658**	**6,478,923**
Property development (note a)	**5,990,775**	**3,781,058**	**2,209,717**
Other operations (note a)	**679,175**	**301,298**	**377,877**
Unallocated	**7,769,617**	**480,358**	**7,289,259**
Great Eagle Operations (note b)	**39,391,407**	**12,159,528**	**27,231,879**
Champion REIT (note c)	**55,412,331**	**11,960,205**	**43,452,126**
Langham (note d)	**11,174,843**	**4,836,323**	**6,338,520**
US Real Estate Fund (note e)	**541,146**	**166,393**	**374,753**

31 December 2018

	Assets HK$'000	Liabilities HK$'000	Net Assets HK$'000
Hotel operation (note a)	17,406,087	7,844,359	9,561,728
Property investment (note a)	6,722,316	129,597	6,592,719
Property development (note a)	5,532,260	1,972,149	3,560,111
Other operations (note a)	486,987	188,221	298,766
Unallocated	6,742,327	536,094	6,206,233
Great Eagle Operations (note b)	36,889,977	10,670,420	26,219,557
Champion REIT (note c)	56,283,204	11,700,393	44,582,811
Langham (note d)	12,816,453	4,661,596	8,154,857
US Real Estate Fund (note e)	1,135,001	695,013	439,988

Notes:

(a) The segment assets include primarily investment properties, property, plant and equipment, right-of-use assets, equity instruments at FVTOCI, asset classified as held for sale, stock of properties, inventories, notes and loan receivables, financial assets at FVTPL, time deposits with original maturity over three months, bank balances and cash and debtors, deposits and prepayments attributable to respective operating segments. The segment liabilities include primarily creditors, deposits and accruals, borrowings, lease liabilities, provision for taxation and deferred taxation attributable to respective operating segments.

(b) Included in the assets and liabilities are bank deposits and restricted cash of HK$8,574,823,000 (2018: HK$7,407,660,000) and borrowings of HK$8,866,610,000 (2018: HK$8,184,065,000), representing net debt of HK$291,787,000 as at 31 December 2019 (2018: HK$776,405,000).

(c) Assets and liabilities of Champion REIT are based on published financial information of Champion REIT, at the effective interest held by Great Eagle Holdings Limited, being 66.22% (2018: 65.99%), excluding the effective interest of the distribution payable attributable from Champion REIT of HK$518,838,000 (2018: HK$527,275,000).

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

Notes: (continued)

(d) Assets and liabilities of Langham are based on published financial information of Langham, at the effective interest held by Great Eagle Holdings Limited, being 63.45% (2018: 62.93%). It includes three hotel properties with appraised value of HK$17,500,000,000 as at 31 December 2019 (2018: HK$20,177,000,000). The three hotel properties are self-operated by Great Eagle and accordingly recognised as property, plant and equipment with corresponding carrying amount (at cost less accumulated depreciation) of HK$3,953,649,000 (2018: HK$4,077,599,000) in the Group's consolidated statement of financial position.

(e) Assets and liabilities of the US Real Estate Fund are based on results of the fund at the 49.97% (2018: 49.97%) interest held by Great Eagle Holdings Limited.

Geographical information

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

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

	Revenue from external customers		Carrying amounts of non-current assets	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**5,004,052**	5,183,702	**91,608,749**	93,770,602
The USA	**1,687,421**	2,312,423	**7,167,205**	6,767,640
Canada	**565,236**	607,144	**605,361**	587,716
The United Kingdom	**647,471**	632,759	**1,678,579**	1,694,822
Australia	**471,450**	506,981	**806,249**	817,530
New Zealand	**286,918**	303,492	**582,154**	487,560
The PRC	**565,630**	606,746	**2,972,001**	3,146,404
Japan	**–**	–	**1,812,858**	1,766,884
Italy	**–**	–	**291,045**	–
Others	**8,652**	2,933	**–**	–
	9,236,830	10,156,180	**107,524,201**	109,039,158

Information about major customers

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

7. OTHER INCOME

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

8. FINANCE COSTS

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

Note:

Interest were capitalised at an average annual rate of 1.79% (2018: 1.61%) to property development projects.

9. INCOME TAXES

	2019 HK$'000	2018 HK$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	**356,196**	379,379
Other jurisdictions	**92,574**	100,227
	448,770	479,606
(Over)underprovision in prior years:		
Hong Kong Profits Tax	**(628)**	(1,830)
Other jurisdictions	**(4,695)**	2,170
	(5,323)	340
	443,447	479,946
Deferred tax (note 32):		
Current year	**(10,600)**	46,271
(Over)underprovision in prior years	**(3,058)**	283
	(13,658)	46,554
	429,789	526,500

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The Directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

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

9. INCOME TAXES (continued)

The tax charge for the year can be reconciled to the (loss) profit before tax per the consolidated income statement as follows:

	2019 HK$'000	2018 HK$'000
(Loss) profit before tax	**(146,283)**	8,914,195
Tax at the domestic income tax rate of 16.5% (2018: 16.5%)	**(24,136)**	1,470,842
Tax effect of expenses that are not deductible for tax purpose	**426,404**	85,197
Tax effect of income that is not taxable for tax purpose	**(35,490)**	(1,134,255)
(Over)underprovision in prior years	**(8,381)**	623
Tax effect of share of results of associates	**(196)**	(127)
Tax effect of share of results of joint ventures	**(7,237)**	1,714
Tax effect of tax losses not recognised	**54,459**	43,574
Utilisation of tax losses previously not recognised	**(10,126)**	(8,679)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**16,933**	27,525
Others	**17,559**	40,086
Tax charge for the year	**429,789**	526,500

10. (LOSS) PROFIT FOR THE YEAR

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

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

The emoluments paid or payable to each of the fourteen (2018: fourteen) Directors were as follows:

	2019					
	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
A) EXECUTIVE DIRECTORS						
Dr. LO Ka Shui	220	14,391	2,049	4,636	603	21,899
Mr. LO Hong Sui, Antony	220	1,674	190	672	84	2,840
Madam LAW Wai Duen	220	682	77	672	34	1,685
Mr. KAN Tak Kwong	220	6,930	1,178	2,908	346	11,582
Mr. CHU Shik Pui	220	4,925	837	2,397	246	8,625
Mr. LO Alexander Chun Him	220	2,481	393	1,512	115	4,721
Sub-total	1,320	31,083	4,724	12,797	1,428	51,352

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

	2019					
	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
B) NON-EXECUTIVE DIRECTORS						
Madam LO TO Lee Kwan	220	–	–	–	–	220
Mr. LO Hong Sui, Vincent	220	–	–	–	–	220
Dr. LO Ying Sui	220	–	–	–	–	220
Sub-total	660	–	–	–	–	660

The non-executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

	2019					
	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
C) INDEPENDENT NON-EXECUTIVE DIRECTORS						
Mr. CHENG Hoi Chuen, Vincent	550	–	–	–	–	550
Professor WONG Yue Chim, Richard	510	–	–	–	–	510
Mrs. LEE Pui Ling, Angelina	510	–	–	–	–	510
Mr. Lee Siu Kwong, Ambrose	500	–	–	–	–	500
Mr. Poon Ka Yeung, Larry	500	–	–	–	–	500
Sub-total	2,570	–	–	–	–	2,570

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Total	54,582

	2018					
	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
A) EXECUTIVE DIRECTORS						
Dr. LO Ka Shui	180	13,900	5,795	4,727	580	25,182
Mr. LO Hong Sui, Antony	180	1,620	270	698	81	2,849
Madam LAW Wai Duen	180	660	110	698	33	1,681
Mr. KAN Tak Kwong	180	6,600	2,200	2,780	330	12,090
Mr. CHU Shik Pui	180	4,560	1,520	2,214	228	8,702
Mr. LO Alexander Chun Him	180	2,330	414	1,429	108	4,461
Sub-total	1,080	29,670	10,309	12,546	1,360	54,965

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

	2018					
	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
B) NON-EXECUTIVE DIRECTORS						
Madam LO TO Lee Kwan	180	–	–	–	–	180
Mr. LO Hong Sui, Vincent	180	–	–	–	–	180
Dr. LO Ying Sui	180	–	–	–	–	180
Sub-total	540	–	–	–	–	540

The non-executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries.

	2018					
	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
C) INDEPENDENT NON-EXECUTIVE DIRECTORS						
Mr. CHENG Hoi Chuen, Vincent	510	–	–	–	–	510
Professor WONG Yue Chim, Richard	470	–	–	–	–	470
Mrs. LEE Pui Ling, Angelina	470	–	–	–	–	470
Mr. Lee Siu Kwong, Ambrose	460	–	–	–	–	460
Mr. Poon Ka Yeung, Larry	460	–	–	–	–	460
Sub-total	2,370	–	–	–	–	2,370

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Total	57,875

Dr. LO Ka Shui performs the function of the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

Discretionary bonuses are determined by the remuneration committee of the Company from time to time by reference to the prevailing market conditions, the performance of the Company as well as the individual performance.

There is no inducement for directors to join the Group or compensation for loss of office. None of the Directors waived any emoluments in the years ended 31 December 2019 and 31 December 2018.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2018: three) were Directors whose emoluments are included in the disclosures above. The emoluments of the remaining two (2018: two) individuals were as follows:

	2019 HK$'000	2018 HK$'000
Salaries and other benefits	**14,760**	10,796
Discretionary bonuses	**4,698**	4,585
Share options	**1,925**	908
Retirement benefits scheme contributions	**1,228**	953
	22,611	17,242

	2019 Number of employees	2018 Number of employees
Bands:		
HK$6,500,001-HK$7,000,000	**–**	1
HK$7,500,001-HK$8,000,000	**1**	–
HK$10,000,001-HK$10,500,000	**–**	1
HK$14,500,001-HK$15,000,000	**1**	–
	2	2

12. DIVIDENDS

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

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

12. DIVIDENDS (continued)

On 11 June 2018, a final dividend of HK48 cents per ordinary share, which included scrip dividend alternatives offered to shareholders, and a special final dividend of HK50 cents per ordinary share were paid to shareholders as the final dividend in respect of the financial year ended 31 December 2017.

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

	2019 HK$'000	2018 HK$'000
Dividends:		
Cash	**93,431**	83,414
Share alternative (note 36)	**256,858**	248,334
	350,289	331,748

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

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

13. (LOSS) EARNINGS PER SHARE

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

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

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

14. INVESTMENT PROPERTIES

	2019 HK$'000	2018 HK$'000
FAIR VALUE		
At 1 January	89,408,450	83,999,025
Exchange adjustments	(5,302)	(10,663)
Additions	66,601	76,176
Transfer to assets classified as held for sale (note 27)	–	(1,182,557)
Transfer to property, plant and equipment (note 15)	–	(134,200)
(Decrease) increase in fair value recognised in the consolidated income statement	(2,146,787)	6,660,669
At 31 December	87,322,962	89,408,450

(a) The Group's property interests situated in Hong Kong of HK$87,079,800,000 (2018: HK$89,160,100,000) and in the PRC of HK$243,162,000 (2018: HK$248,350,000) 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) During 2018, an investment property amounting to HK$1,182,557,000 was classified as held for sale as disclosed in note 27.

(c) In determining the fair value of the relevant investment properties, the Group engages in independent professional property valuers to perform the valuation. The management works closely with the independent professional property valuers to establish the appropriate valuation techniques and inputs to the model. The 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 investment properties.

14. INVESTMENT PROPERTIES (continued)

(d) Included in the fair value of investment properties as at 31 December 2019 is HK$87,223,762,000 (2018: HK$89,308,050,000) which is categorised as Level 3 fair value hierarchy with movement as follows:

	2019 HK$'000	2018 HK$'000
FAIR VALUE		
At 1 January	**89,308,050**	83,900,025
Exchange adjustments	**(5,302)**	(10,663)
Additions	**66,601**	76,176
Transfer to assets classified as held for sale	**–**	(1,182,557)
Transfer to property, plant and equipment	**–**	(134,200)
(Decrease) increase in fair value recognised in the consolidated income statement	**(2,145,587)**	6,659,269
At 31 December	**87,223,762**	89,308,050

Unrealised loss on property revaluation included in profit or loss amounted to HK$2,145,230,000 (2018: unrealised gain HK$6,713,925,000).

(e) The carrying amount of investment properties includes land and buildings situated in Hong Kong and outside Hong Kong is as follows:

	2019 HK$'000	2018 HK$'000
Leases in Hong Kong	**87,079,800**	89,160,100
Leases outside Hong Kong	**243,162**	248,350
	87,322,962	89,408,450

(f) The fair value of the Group's investment properties at 31 December 2019 and 2018 has been arrived at on a basis of valuation performed by independent professional property valuers not connected with the Group:

Investment properties in Hong Kong-Colliers International (Hong Kong) Limited, Savills Valuation and Professional Services Limited

Investment properties in the PRC-Knight Frank Petty Limited

As at 31 December 2018, the Group's investment properties in the USA were transferred to asset held for sale as disclosed in note 27.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

14. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2019						
Commercial property in Wan Chai, Hong Kong	4,804,600	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 2.90% for office and 4.50% for retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Commercial properties in Central, Hong Kong	48,530,000	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 3.60% 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	32,648,000	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 office and 3.75% 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)

14. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2019 (continued)						
Furnished apartments in Hong Kong	998,000	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 3.20% to 3.70%.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Commercial properties in Shanghai, the PRC	243,162	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 7.25% 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)
Apartments in Hong Kong	99,200	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	

14. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2018						
Commercial property in Wan Chai, Hong Kong	4,923,700	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 2.90% for office and 4.50% for retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Commercial properties in Central, Hong Kong	49,890,000	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 3.60% 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	33,245,000	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 office and 3.75% 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)
Furnished apartments in Hong Kong	1,001,000	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 3.20% to 3.70%.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)

14. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value	
As at 31 December 2018 (continued)						
Commercial properties in Shanghai, the PRC	248,350	Level 3	Income capitalisation approach The key inputs are: (i) capitalisation rate; and (ii) market rent per square foot	Capitalisation rate, taking into account the capitalisation of net income potential, nature of the property, prevailing market condition, of 7.50% for retail.	The higher the capitalisation rate, the lower the fair value.	Note (i)
				Market rent, taking into account direct market comparables within the property.	The higher the market rent, the higher the fair value.	Note (ii)
Apartments in Hong Kong	100,400	Level 2	Direct comparison method based on market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject property.	N/A	N/A	

Notes:

(i) A significant percentage change in the unobservable inputs would result in a significant percentage change in fair value measurement.

(ii) A significant percentage change in the unobservable inputs would result in a less significant percentage change in fair value measurement.

15. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Right-of-use leasehold land HK$'000	Right-of-use properties HK$'000	Hotel buildings HK$'000	Hotel 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 2018	3,840,564	2,349,418	–	15,474,843	566,172	399,481	3,730,045	3,799	99	26,364,421
Exchange adjustments	(9,419)	–	–	(412,399)	1,204	–	(115,028)	(24)	(2)	(535,668)
Acquisitions	14,542	–	–	–	–	–	–	–	–	14,542
Additions	1,844	–	–	27,403	157,498	–	659,221	580	–	846,546
Transfer in (out)	–	–	–	437,937	–	–	(437,937)	–	–	–
Transfer from investment Properties (note 14)	–	–	–	–	–	134,200	–	–	–	134,200
Disposals/written off	–	–	–	–	–	–	(25,581)	–	–	(25,581)
At 31 December 2018	3,847,531	2,349,418	–	15,527,784	724,874	533,681	3,810,720	4,355	97	26,798,460
Adjustment upon application of HKFRS 16	–	–	42,285	–	–	–	–	–	–	42,285
At 1 January 2019 (restated)	3,847,531	2,349,418	42,285	15,527,784	724,874	533,681	3,810,720	4,355	97	26,840,745
Exchange adjustments	20,250	–	(370)	(41,068)	(3,129)	–	20,960	(9)	–	(3,366)
Acquisitions	286,705	–	–	–	–	–	–	–	–	286,705
Additions	–	–	–	91,939	688,920	–	299,517	1,023	57	1,081,456
Transfer in (out)	(7,639)	–	–	5,347	101,960	–	(99,668)	–	–	–
Disposals/written off	–	–	–	(57,805)	–	(18)	(157,095)	(248)	–	(215,166)
At 31 December 2019	**4,146,847**	**2,349,418**	**41,915**	**15,526,197**	**1,512,625**	**533,663**	**3,874,434**	**5,121**	**154**	**27,990,374**
DEPRECIATION AND IMPAIRMENT										
At 1 January 2018	115,909	1,001,914	–	3,796,641	–	102,986	1,627,083	2,974	98	6,647,605
Exchange adjustments	(956)	–	–	(112,256)	–	–	(58,403)	(15)	(1)	(171,631)
Charge for the year	–	44,765	–	370,089	–	26,808	270,506	346	–	712,514
Eliminated on disposals/ written off	–	–	–	–	–	–	(20,736)	–	–	(20,736)
At 31 December 2018	114,953	1,046,679	–	4,054,474	–	129,794	1,818,450	3,305	97	7,167,752
Exchange adjustments	(530)	–	(143)	8,389	–	–	9,846	(8)	–	17,554
Charge for the year	–	44,764	13,187	369,475	–	26,809	313,888	405	1	768,529
Eliminated on disposals/ written off	–	–	–	(12,455)	–	(6)	(151,992)	(247)	–	(164,700)
At 31 December 2019	**114,423**	**1,091,443**	**13,044**	**4,419,883**	**–**	**156,597**	**1,990,192**	**3,455**	**98**	**7,789,135**
CARRYING AMOUNTS										
At 31 December 2019	**4,032,424**	**1,257,975**	**28,871**	**11,106,314**	**1,512,625**	**377,066**	**1,884,242**	**1,666**	**56**	**20,201,239**
At 31 December 2018	3,732,578	1,302,739	–	11,473,310	724,874	403,887	1,992,270	1,050	–	19,630,708

15. PROPERTY, PLANT AND EQUIPMENT (continued)

Included in the additions of furniture and fixtures of HK$299,517,000 (2018: HK$659,221,000) during the year are additions of hotel renovation, hotel machinery and fine art amounting to HK$47,627,000 (2018: HK$490,268,000), HK$27,985,000 (2018: HK$656,000) and HK$3,591,000 (2018: HK$256,000), respectively, of which the Directors estimate useful lives of 10 years, 25 years and 25 years, respectively.

At 31 December 2019, the leasehold land with carrying amounts of HK$1,257,975,000 (2018: HK$1,302,739,000) are situated in Hong Kong. The leasehold land is finance lease in nature during the year ended 31 December 2018. Freehold land is situated outside Hong Kong.

Owner occupied properties situated in Hong Kong are land and buildings and are finance lease in nature during the year ended 31 December 2018.

Effective from 1 January 2019, the carrying amount of leasehold land is measured under HKFRS 16 at cost less any accumulated depreciation and any impairment losses.

At 31 December 2019, the Directors considered no further recognition of impairment was required as the recoverable amount exceeded the carrying amount.

16. INTERESTS IN JOINT VENTURES

	2019 HK$'000	2018 HK$'000
Cost of investments in joint ventures	**241,201**	1,403,753
Share of post-acquisition results and other comprehensive income	**(129,377)**	(184,770)
	111,824	1,218,983
Amount due from a joint venture	**292**	133,788
	112,116	1,352,771

Details of the material interests in joint ventures are as follows:

Pursuant to a subscription and shareholders' agreement signed between an indirect wholly-owned subsidiary of the Company and an independent third party investor (the "Wealth Joy Investor") in February 2010, the relevant activities of Wealth Joy Holdings Limited ("Wealth Joy") that significantly affect the return of Wealth Joy, require unanimous consent from the Group and the Wealth Joy Investor, accordingly Wealth Joy is accounted for as a joint venture.

16. INTERESTS IN JOINT VENTURES (continued)

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.

In July 2019, Wealth Joy completed the disposal of its PRC subsidiary at a cash consideration of RMB1,649,000,000 (equivalent to approximately HK$1,876,067,000).

The Group's interests in joint ventures amounting to HK$111,824,000 as at 31 December 2019 (2018: HK$1,218,983,000) are accounted for using the equity method in these consolidated financial statements.

Particulars regarding the joint ventures are set out in note 45.

At 31 December 2019, the Group's investment in joint ventures are not material to the Group.

The summarised financial information in respect of the Group's material joint venture at 31 December 2018 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

	2018 HK$'000
Current assets	2,693,538
Non-current assets	3,040
Current liabilities	(592,098)
Non-current liability	(509,631)
The above amounts of assets and liabilities include the following: Cash and cash equivalents	276,657
Current financial liabilities (excluding trade and other payables and provisions)	(178,752)
Non-current financial liabilities (excluding trade and other payables and provisions)	(509,631)
Income recognised in profit or loss	623,963
Expenses recognised in profit or loss	(621,109)
Income tax expense	(12,698)
Other comprehensive expense for the year	(89,761)
Total comprehensive expense for the year	(99,605)
The above income and expenses recognised for the year includes the following: Depreciation and amortisation	(1,610)
Interest income	934
Interest expense	–

16. INTERESTS IN JOINT VENTURES (continued)

Wealth Joy Holdings Limited (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2018 HK$'000
Net assets of Wealth Joy	1,594,849
Capital contribution from the Group (note)	(661,500)
	933,349
Proportion of the Group's ownership interest in Wealth Joy	50%
	466,675
Capital contribution from the Group	661,500
Carrying amount of the Group's interest in Wealth Joy	1,128,175

Note:

The amount represents the preference shares subscribed by the Group.

Aggregate information of joint ventures that are not individually material

	2019 **HK$'000**	2018 HK$'000
The Group's share of profit (loss) for the year	**43,860**	(5,467)
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive income (expense)	**43,860**	(5,467)
Dividends received from joint venture during the year	**–**	–
Aggregate carrying amount of the Group's interests in the joint ventures	**112,116**	90,808

17. INTERESTS IN ASSOCIATES

	2019 HK$'000	2018 HK$'000
Cost of investment in associates	**108**	108
Share of post-acquisition profit and other comprehensive income, net of dividend received	**55,592**	68,647
	55,700	68,755

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.

Particulars regarding the associates are set out in note 46.

At 31 December 2019 and 2018, the Group's investment in associates are not individually material to the Group.

Aggregate information of associates that are not individually material

	2019 HK$'000	2018 HK$'000
The Group's share of profit for the year	**1,191**	773
The Group's share of other comprehensive expense	**(8,312)**	(13,655)
The Group's share of total comprehensive expense	**(7,121)**	(12,882)
Dividends received from associates during the year	**5,933**	7,538
Aggregate carrying amount of the Group's interests in these associates	**55,700**	68,755

18. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Equity instruments at FVTOCI as at 31 December 2019 and 31 December 2018 comprise:

	2019 HK$'000	2018 HK$'000
Listed equity securities in Hong Kong	**190,375**	206,187
Listed equity securities outside Hong Kong	**5,887**	40,595
Unlisted equity securities in Hong Kong	**106,071**	10,427
Unlisted equity securities outside Hong Kong	**732,403**	643,263
	1,034,736	900,472

At 31 December 2019 and 2018, all the listed securities were stated at fair values which have been determined by reference to closing prices quoted in the active markets.

19. NOTES AND LOAN RECEIVABLES

	2019 HK$'000	2018 HK$'000
Notes receivables	**679,767**	250,171
Loan receivables	**88,154**	88,929
Mortgage loan receivables	**3,113**	–
	771,034	339,100
Less: Amounts due within one year shown under current assets	**(15,613)**	–
Amounts due after one year	**755,421**	339,100

Notes receivables

At 31 December 2019, the Group held unsecured bonds with principal amounts of HK$679,767,000 (2018: HK$250,171,000) denominated in US$ with nominal values ranging from US$500,000 to US$7,640,000 (2018: US$1,000,000 to US$7,640,000), bears interest at fixed interest rates ranging from 3.75% to 9.125% or variable interest rate of 3-month London Interbank Offered Rate plus 4.85% (2018: fixed interest rates ranging from 2.625% to 9.125%) per annum and has maturity dates ranging from May 2020 to May 2025 (2018: March 2020 to May 2024).

Loan receivables

Pacific Miami Corporation, a wholly-owned subsidiary of the Company, entered into unsecured promissory notes from 2015 to 2017 with an investee classified as a joint venture for a loan receivable of US$11,318,000 (equivalent to approximately HK$88,154,000) (2018: US$11,355,000 (equivalent to approximately HK$88,929,000)), which bears interest at 18% per annum and has a maturity date on 31 December 2022.

Mortgage loan receivables

Mortgage loan receivables are developer financing loans provided to unit buyers, they are secured by i) second mortgages on properties being sold; and ii) personal guarantee(s) provided by buyer(s) and additional guarantor(s) if any. The loans are repayable by monthly instalments with tenors not more than 25 years after loan drawdown and carry interest at rates with reference to bank's lending rates.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2019		2018	
	Assets HK$'000	**Liabilities HK$'000**	Assets HK$'000	Liabilities HK$'000
Interest rate swaps	**12,788**	**63,267**	26,923	36,255
Cross currency swaps	**–**	**51,740**	–	45,854
Foreign currency derivative contracts	**–**	**4,198**	71	–
	12,788	**119,205**	26,994	82,109
Less: Would be matured within one year shown under current assets/ liabilities	**(8,143)**	**(4,198)**	(71)	–
Would be matured after one year	**4,645**	**115,007**	26,923	82,109

The Group entered into interest rate swaps with aggregate notional amount of HK$4,000,000,000 (2018: HK$4,000,000,000) to manage the exposure to the interest rate risk on the Group's floating-rate borrowings by swapping a proportion of those borrowings from floating rate of Hong Kong Interbank Offered Rate ("HIBOR") to fixed rate ranging from 1.035% to 2.545% (2018: 1.035% to 2.545%). The Group also entered into interest rate swaps and cross currency swaps to manage the exposure to the interest rates and floating rate loans denominated in other currencies. In addition, the Group used foreign currency derivative contracts to manage its exposure to foreign exchange rate movements.

The fair values of foreign currency derivative contracts, interest rate swaps and cross currency swaps at the end of the reporting periods are provided by counterparty banks.

21. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING

	2019 HK$'000	2018 HK$'000
Non-current assets		
Cash flow hedges – interest rate swaps	**34,344**	35,268
Cash flow hedge – cross currency swap	**26,663**	–
Fair value hedge – interest rate swaps	**–**	4,131
	61,007	39,399
Current asset		
Fair value hedge – interest rate swap	**3,419**	–
Non-current liability		
Cash flow hedge – cross currency swaps	**–**	17,860

The Group entered into cross currency swap contracts of a total notional amount of US$386,400,000 to minimise the exposure to fluctuations in foreign currency exchange rates and interest rate of the medium term notes, which is denominated in US$, in respect of the principal and fixed rate interest payments. The cross currency swaps and the corresponding medium term notes have similar terms and the Directors considered that the cross currency swaps were highly effective hedging instruments and qualified as cash flow hedges.

The Group also entered into interest rate swap contracts with various financial institutions of a total notional amount of HK$4,950,000,000 to minimise its exposure to fluctuations in interest rates of its variable interest bearing secured term loan.

21. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING (continued)

The interest rate swaps and the corresponding secured bank loan have similar terms and the Directors considered that the interest rate swaps were highly effective hedging instruments and qualified as cash flow hedges.

During the year, the gain on changes in fair value of the cross currency swaps and interest rate swaps under cash flow hedges amounting to HK$57,113,000 (2018: loss on changes of HK$8,540,000) has been recognised in other comprehensive income of which the fair value of the hedging instruments amounting to HK$2,668,000 (2018: HK$509,000) 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 and interest payments.

The Group also entered into an interest rate swap contract to convert the fixed rate under the medium term note to floating rate. The interest rate swap qualifying as fair value hedge. The loss on change in fair values of the interest rate swap under fair value hedge amounting to HK$688,000 (2018: gain on changes of HK$758,000) has been recognised directly in the consolidated income statement.

The fair values of the above derivatives are based on the valuation provided by the counterparty financial institutions and measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

22. STOCK OF PROPERTIES

	2019 HK$'000	2018 HK$'000
Properties under development for sale	**5,466,838**	3,994,369
Properties held for sale	**629,719**	690,965
	6,096,557	4,685,334

Stock of properties mainly comprised of the following:

(i) An apartment building in Malibu, Los Angeles, the USA with a consideration of US$62,000,000 (equivalent to approximately HK$480,522,000) acquired in 2015. Renovation works to convert the apartments into condominiums were completed in 2018. While the Group is seeking for en-bloc sale of the property, leasing of individual units is conducted to maximise profit potential.

(ii) A site in Pine Street, San Francisco, the USA with a consideration of US$21,000,000 (equivalent to approximately HK$162,771,000) acquired in 2015. The development of residential properties is completed and available for sale to customers.

(iii) A residential site in Pak Shek Kok, Tai Po at the land premium of HK$2,412,000,000 acquired in 2014. The site is under development of luxury residential properties for sale.

(iv) A site in Howard Street, San Francisco, the USA acquired in 2015.

As at the end of the reporting period, the Directors assessed whether there exists any objective evidence of impairment of the stock of properties held. Taking into consideration of the current market conditions in the USA, the carrying amount exceeded the estimated amount to be recovered through sale of the property and, accordingly, an impairment loss of US$4,151,000 (equivalent to approximately HK$32,525,000) (2018: US$23,433,000 (equivalent to approximately HK$183,660,000)) was recognised in profit or loss.

22. STOCK OF PROPERTIES (continued)

The properties under development for sale with carrying amount of HK$236,771,000 (2018: HK$3,994,369,000) are expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

23. INVENTORIES

	2019 HK$'000	2018 HK$'000
Raw materials	**18,614**	11,651
Trading goods	**1,420**	3,402
Provisions and beverages	**43,314**	44,292
Work-in-progress	**63,473**	86,645
	126,821	145,990

24. DEBTORS, DEPOSITS AND PREPAYMENTS

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

Included in the balance of debtors, deposits and prepayments are trade debtors (net of impairment losses) of HK$182,037,000 (2018: HK$247,768,000). For hotel income and sales of goods, the Group allows an average credit period of 30-60 days to certain trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices.

The trade receivables from contracts with customers and retention money receivables after application of HKFRS 15 are as follows:

	31 December 2019 HK$'000	31 December 2018 HK$'000	1 January 2018 HK$'000
Trade receivables from contracts with customers	**163,359**	217,837	220,996
Retention money receivables	**14,731**	11,368	17,520
Amount due within one year	**(9,500)**	(6,277)	(8,454)
Amount due after one year	**5,231**	5,091	9,066

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

24. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

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

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

As at 31 December 2019, included in the Group's trade debtors balance are debtors with aggregate carrying amount of HK$13,898,000 (2018: HK$14,222,000) which are past due at the reporting date for which the Group has not provided any allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2019 are set out in note 42.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 HK$'000	2018 HK$'000
Equity linked notes	**–**	31,392
Listed equity securities held for trading	**234,665**	198,640
	234,665	230,032

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. At 31 December 2018, 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$500,000 had maturity period of nine 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$8,000,000 had maturity period of four months. Redemption amount and interest rates vary depending on various conditioning terms and different strike prices.

26. RESTRICTED CASH, TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS AND BANK BALANCES AND CASH

Restricted cash

Restricted cash represented an amount equivalent to HK$166,405,000 (2018: HK$170,798,000) carried market interest rates ranging from 0% to 1.495% (2018: 0% to 1.50%) per annum was placed in designated bank account pursuant to applicable loan facilities requirements.

Time deposits with original maturity over three months

The amount represented time deposits carried market interest rate of 2.505% (2018: 1.56% to 4.15%) per annum with original maturity over three months but not exceeding one year.

Bank balances and cash

The bank balances include time deposits with original maturity of three months or less. Bank balances carry interest at market rates which range from 0.05% to 3.29% (2018: 0.70% to 6.43%) per annum.

27. ASSET CLASSIFIED AS HELD FOR SALE

On 10 December 2018, the Group entered into sales and purchase agreement to dispose of the investment property located in Seattle, the USA at a consideration of US$151,000,000 (equivalent to approximately HK$1,182,557,000). The closing of such transaction was completed in January 2019.

As at 31 December 2018, the Group had classified such investment property as asset held for sale which was separately presented in the consolidated statement of financial position.

28. CREDITORS, DEPOSITS AND ACCRUALS

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

Included in the accruals is accrual of stamp duty based on the current stamp duty rate of 4.25% (2018: 4.25%) on the stated consideration of HK$22,670,000,000 in the property sale and purchase agreements for the legal assignment of the investment properties which Champion REIT acquired the property interests in Three Garden Road upon listing.

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

28. CREDITORS, DEPOSITS AND ACCRUALS (continued)

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

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

Customer deposits and other deferred revenue comprised:

	2019 HK$'000	2018 HK$'000
Hotel operations	240,545	225,600
Sales of properties	615,574	–
Sales of goods	3,261	4,759
Others	39,032	15,011
	898,412	245,370

As at 1 January 2018, customer deposits and other deferred revenue amounted to HK$226,483,000.

Timing of satisfying the performance obligations of hotel operations and sales of goods and typical timing of payment are set out in note 5(ii).

The following table shows how much of the revenue recognised in the current year that are included in the customer deposits and other deferred revenue balance at the beginning of the year.

	2019 HK$'000	2018 HK$'000
Hotel operations	194,465	186,026
Sales of goods	3,707	6,317
Others	812	1,046
	198,984	193,389

Accrued lease liabilities was adjusted upon the initial application of HKFRS 16.

29. BORROWINGS

	2019 HK$'000	2018 HK$'000
Bank loans and revolving loans	**25,789,860**	25,705,849
Loan front-end fee	**(120,589)**	(80,988)
	25,669,271	25,624,861

The maturity of the above loans based on scheduled repayment terms is as follows:

	2019 HK$'000	2018 HK$'000
Within one year	**4,146,215**	4,981,198
More than one year but not exceeding two years	**4,433,556**	9,007,820
More than two years but not exceeding five years	**17,089,500**	10,731,431
More than five years	**–**	904,412
	25,669,271	25,624,861
Less: Amounts due within one year shown under current liabilities	**(4,146,215)**	(4,981,198)
Amounts due after one year	**21,523,056**	20,643,663

Borrowings amounting to HK$18,230,995,000 (2018: HK$23,957,644,000) were secured by way of legal charges over certain of the Group's assets and business undertakings.

All of the Group's borrowings are at floating rate. The effective interest rates (which approximate to contracted interest rates) range from 0.33% to 5.01% (2018: 0.33% to 5.08%) per annum.

The Group entered into interest rate swaps and currency swaps to manage the exposure to the floating-rate borrowings as disclosed in notes 20 and 21.

30. MEDIUM TERM NOTES

	2019 HK$'000	2018 HK$'000
Medium term notes	**5,552,670**	5,569,091
Origination fees	**(26,464)**	(32,799)
	5,526,206	5,536,292

30. MEDIUM TERM NOTES (continued)

	2019 HK$'000	2018 HK$'000
The maturity of the medium term notes is as follows:		
Within one year	199,929	–
More than one year but not more than two years	–	199,755
More than two years but not exceeding five years	3,839,407	3,651,822
Over five years	1,486,870	1,684,715
	5,526,206	5,536,292
Less: Amount due within one year shown under current liabilities	(199,929)	–
	5,326,277	5,536,292

The Group established a US$1 billion guaranteed medium term notes programme, under which unsecured notes may be issued from time to time in various currencies and amounts with fixed or floating interest 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.

As at 31 December 2019, the outstanding medium term notes comprised the following:

Notional amount	Maturity	Interest rate (p.a.)	Interest period
HK$200,000,000	May 2020	2.85%(i)	Annually
HK$643,000,000	March 2022	3-month HIBOR plus 1.275%	Quarterly
US$386,400,000	January 2023	3.75%(ii)	Semi-annually
HK$200,000,000	October 2024	2.75%	Annually
HK$775,000,000	June 2025	2.85%	Annually
HK$450,000,000	July 2025	4.00%	Semi-annually
HK$275,000,000	April 2028	3.73%	Quarterly

(i) The fixed rate of 2.85% per annum is swapped to floating rate at 1-month HIBOR plus 0.67% per annum by the use of an interest rate swaps.

(ii) The foreign currency rate and interest rate are fixed by the use of cross currency swaps.

The carrying amounts of the medium term notes approximate their fair values.

31. LEASE LIABILITIES

	2019 HK$'000
Lease liabilities payable:	
Within one year	**11,513**
More than one year but not exceeding two years	**8,182**
More than two years but not exceeding five years	**10,050**
	29,745
Less: Amount due within one year shown under current liabilities	**(11,513)**
Amount due after one year	**18,232**

Lease obligations that are denominated in currencies other than the functional currencies of the Group are set out below:

	US$ HK$'000	RMB HK$'000	HK$ HK$'000
As at 31 December 2019	**19,448**	**6,266**	**4,031**

32. 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 2018	1,351,594	(4,108)	14,607	1,362,093
Exchange differences	(15,823)	171	2,347	(13,305)
Charge (credit) to profit or loss for the year	109,035	(42,324)	(20,157)	46,554
At 31 December 2018	1,444,806	(46,261)	(3,203)	1,395,342
Exchange differences	**(2,475)**	**270**	**157**	**(2,048)**
Charge (credit) to profit or loss for the year	**33,965**	**(23,882)**	**(23,741)**	**(13,658)**
At 31 December 2019	**1,476,296**	**(69,873)**	**(26,787)**	**1,379,636**

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.

32. DEFERRED TAXATION (continued)

At the end of the reporting period, the Group has unutilised tax losses of HK$2,967,035,000 (2018: HK$2,568,696,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$376,895,000 (2018: HK$228,355,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$2,590,140,000 (2018: HK$2,340,341,000) 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 (2018: HK$336,782,000) arising from impairment losses recognised in respect of hotel properties. A deferred tax asset has been recognised in respect of HK$336,782,000 (2018: HK$336,782,000) 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$2,243,474,000 (2018: HK$2,174,834,000). 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.

33. SHARE CAPITAL

		2019		2018	
		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	**1,200,000**	**600,000**	1,200,000	600,000
(b)	Issued and fully paid:				
	Shares of HK$0.50 each				
	Balance brought forward	**698,647**	**349,324**	688,590	344,295
	Issued upon exercise of share options under the share option schemes	**1,989**	**994**	3,338	1,670
	Issued as scrip dividends	**7,746**	**3,873**	6,719	3,359
	Balance carried forward	**708,382**	**354,191**	698,647	349,324

During the year ended 31 December 2019, 7,746,010 (2018: 6,719,000) shares of HK$0.50 each in the Company were issued at HK$33.16 (2018: HK$36.96) per share as scrip dividends.

34. SHARE OPTIONS

In accordance with a share option scheme of the Company (formerly Executive Share Option Scheme), which was adopted pursuant to an ordinary resolution passed on 10 June 1999 and amended by an ordinary resolution passed on 20 December 2001 (the "1999 Share Option Scheme"), the Board of Directors of the Company may grant options to eligible officers, employees, associates, agents and contractors, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At the 2009 Annual General Meeting of the Company held on 27 May 2009, ordinary resolutions were proposed to approve the adoption of a new share option scheme ("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.

The 2009 Share Option Scheme expired on 26 May 2019. At the 2019 Annual General Meeting of the Company held on 22 May 2019, ordinary resolutions were proposed to approve the adoption of a new share option scheme ("2019 Share Option Scheme") and termination of the operation of the 2009 Share Option Scheme. The resolutions were approved by the shareholders of the Company and the 2019 Share Option Scheme became effective for a period of 10 years, commencing on 22 May 2019.

Further details of the 2009 Share Option Scheme

a. The purpose of the 2009 Share Option Scheme is to motivate officers, employees, associates, agents and contractors of the Company or any subsidiary (the "Participant(s)") 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 of the 2009 Share Option Scheme who accepts an offer of the grant of an option in accordance with the terms of the scheme shall pay to the Company HK$1.00 by way of consideration for the grant thereof within a period of 28 days from the date on which an option is offered to the Participant.

34. SHARE OPTIONS (continued)

Further details of the 2009 Share Option Scheme (continued)

g. The subscription price shall be determined by the Board of Directors and notified to a Participant of the 2009 Share Option Scheme and shall be at least the higher of (i) the closing price of the shares 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 Listing Rules), 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.

Further details of the 2019 Share Option Scheme

a. The purpose of the 2019 Share Option Scheme is to motivate officers, employees, business associates, agents, contractors, business partners, consultants, advisers, suppliers, customers, subcontractors, joint venture partners or business alliances (the "Participant(s)") of the Company or any subsidiaries, associated companies and/or joint ventures of the Company ("Member(s) of the Group") and to allow them to participate in the growth of the Company.

b. Participants of the 2019 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 Member of the Group, any executive or non-executive director of the Company or any Member of the Group and any business associate, agent, contractor, business partner, consultant, adviser, supplier, customer, subcontractor, joint venture partner or business alliance of the Company or any Member of the Group.

c. The total number of shares of the Company available for issue under the 2019 Share Option Scheme is 70,047,303, representing 9.89% of the issued shares of the Company as at the date of approval of these consolidated financial statements.

d. The total number of shares of the Company which may be issued upon exercise of all options which may be granted under the 2019 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 10% of the issued share capital of the Company at the date of adoption of the 2019 Share Option Scheme.

e. The total number of shares of the Company issued and to be issued upon exercise of the options granted to each Participant under the 2019 Share Option Scheme and any other option schemes (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.

f. The period within which the shares must be taken up under an option is 36 months commencing on the expiry of 24 months after the date upon which the option is deemed to be granted and accepted and expiring on the last day of the 36 months' period.

g. Any Participant of the 2019 Share Option Scheme who accepts an offer of the grant of an option in accordance with the terms of the scheme shall pay to the Company HK$1.00 by way of consideration for the grant thereof within a period of 28 days from the date on which an option is offered to the Participant.

34. SHARE OPTIONS (continued)

Further details of the 2019 Share Option Scheme (continued)

h. The subscription price shall be determined by the Board of Directors and notified to a Participant of the 2019 Share Option Scheme and shall be at least the higher of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets on the date of grant of an option, which must be a business day (as defined in the Listing Rules), 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 2019 Share Option Scheme, if relevant.

i. The 2019 Share Option Scheme has a life of 10 years commencing on 22 May 2019.

j. During the year, no share option was granted under the 2019 Share Option Scheme.

The following tables disclose details of the Company's share options held by employees, including Directors and their associates, and movements in such holdings under the 2009 Share Option Scheme during the year:

	Number of shares				
In 2019 Year of grant of options	**Outstanding options at 1 January 2019**	**Options granted**	**Options exercised**	**Options lapsed**	**Outstanding options at 31 December 2019**
2014	**729,000**	**–**	**(729,000)**	**–**	**–**
2015	**980,000**	**–**	**(16,000)**	**(12,000)**	**952,000**
2016	**1,758,000**	**–**	**(306,000)**	**(13,000)**	**1,439,000**
2017	**4,781,000**	**–**	**(938,000)**	**(198,000)**	**3,645,000**
2018	**5,227,000**	**–**	**–**	**(306,000)**	**4,921,000**
2019	**–**	**5,673,000**	**–**	**(315,000)**	**5,358,000**
	13,475,000	**5,673,000**	**(1,989,000)**	**(844,000)**	**16,315,000**
Exercisable at end of the year					**6,036,000**
Weighted average exercise price	**HK$36.27**	**HK$39.05**	**HK$31.24**	**HK$39.44**	**HK$37.68**

	Number of shares				
In 2018 Year of grant of options	Outstanding options at 1 January 2018	Options granted	Options exercised	Options lapsed	Outstanding options at 31 December 2018
2013	736,000	–	(659,000)	(77,000)	–
2014	1,240,000	–	(414,000)	(97,000)	729,000
2015	1,459,000	–	(353,000)	(126,000)	980,000
2016	3,903,000	–	(1,912,000)	(233,000)	1,758,000
2017	5,211,000	–	–	(430,000)	4,781,000
2018	–	5,509,000	–	(282,000)	5,227,000
	12,549,000	5,509,000	(3,338,000)	(1,245,000)	13,475,000
Exercisable at end of the year					3,467,000
Weighted average exercise price	HK$31.00	HK$42.21	HK$27.14	HK$33.94	HK$36.27

34. SHARE OPTIONS (continued)

Details of the share options held by the Directors under the 2009 Share Option Scheme included in the above table are as follows:

In 2019 Year of grant of options	Number of shares Outstanding options at 1 January 2019	Options granted	Options exercised	Outstanding options at 31 December 2019
2014-2019	**5,448,000**	**1,966,000**	**(1,190,000)**	**6,224,000**

In 2018 Year of grant of options	Number of shares Outstanding options at 1 January 2018	Options granted	Options exercised	Outstanding options at 31 December 2018
2013-2018	4,510,000	1,888,000	(950,000)	5,448,000

The weighted average price of the shares on the date the options exercised was HK$37.55 (2018: HK$39.77) under the 2009 Share Option Scheme for the year ended 31 December 2019.

Details of options granted under the 2009 Share Option Scheme in each year are as follows:

Year	Date of grant	Exercisable period	Subscription price per share HK$
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
2016	14.3.2016	15.3.2018-14.3.2021	25.70
2017	14.3.2017	15.3.2019-14.3.2022	37.15
2018	14.3.2018	15.3.2020-14.3.2023	42.40
2018	8.5.2018	9.5.2020-8.5.2023	38.83
2019	14.3.2019	15.3.2021-14.3.2024	39.05

34. SHARE OPTIONS (continued)

Notes:

(i) Consideration paid for each acceptance of grant of options was HK$1.00.

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

(iii) The following significant assumptions were used to derive the fair value, using the Black-Scholes option pricing model:

Date of grant	Closing price per share as at the date of grant HK$	Exercise price HK$	Expected volatility (note a)	Expected dividend yield (note b)	Expected life from grant date	Risk free interest rate (note c)	Fair value per option HK$
6.6.2013	31.45	31.45	30.27%	2.35%	5 years	0.72%	6.98
27.2.2014	26.05	26.05	27.76%	2.89%	5 years	1.71%	5.06
17.3.2014	27.55	27.55	27.69%	2.70%	5 years	1.74%	5.46
11.3.2015	26.45	26.88	19.33%	3.58%	5 years	1.66%	3.22
10.4.2015	28.25	28.25	18.19%	3.34%	5 years	1.46%	3.36
14.3.2016	24.08	25.70	18.84%	3.83%	5 years	1.50%	3.09
14.3.2017	37.15	37.15	25.21%	2.12%	5 years	2.20%	7.65
14.3.2018	41.87	42.40	18.63%	1.87%	5 years	2.49%	6.96
8.5.2018	37.75	38.83	18.79%	2.07%	5 years	2.76%	6.18
14.3.2019	39.05	39.05	19.23%	2.31%	5 years	2.24%	6.24

Notes:

(a) The expected volatility was based on 5-year historical volatility of the Company's shares.

(b) The expected dividend yield was based on 5-year historical dividends of the Company.

(c) Risk free interest rate was approximated the yield of 5-year Exchange Fund Note on the date of grant.

The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Change in variables and assumptions may result in changes in fair value of the options.

The Group recognised the total expense of HK$31,506,000 for the year ended 31 December 2019 (2018: HK$30,674,000) 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.

35. 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 2019 amounting to HK$608,000 (2018: HK$1,171,000) have been used to reduce the existing level of contributions. Total contributions to retirement fund schemes for the year ended 31 December 2019 charged to the consolidated income statement amounted to HK$91,051,000 (2018: HK$89,949,000). As at 31 December 2019, contributions of HK$3,694,000 (2018: HK$4,171,000) due in respect of the year had not been paid over to the schemes.

36. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2019, 7,746,010 (2018: 6,719,000) shares of HK$0.50 each in the Company were issued at HK$33.16 (2018: HK$36.96) per share as scrip dividends.

37. PLEDGE OF ASSETS

At 31 December 2019, 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$25,104,522,000 (2018: HK$51,320,907,000) together with assignments of sales proceeds, insurance proceeds, rental income, revenue and all other income generated from the relevant property;

(b) the Group's freehold land, leasehold land and hotel buildings and furniture and fixtures with a total carrying value of HK$10,941,820,000 (2018: HK$11,928,929,000); and

(c) the Group's stock of properties with a total carrying value of HK$5,785,423,000 (2018: HK$4,343,668,000).

38. COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2019, the Group has authorised capital expenditure for investment properties and property, plant and equipment which is not provided for in these consolidated financial statements amounting to HK$7,840,771,000 (2018: HK$8,373,980,000) of which HK$1,467,366,000 (2018: HK$150,499,000) was contracted for.

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

39. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Property rental income earned during the year was HK$2,918,917,000 (2018: HK$2,943,531,000). 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. Included in property rental income is contingent rental income earned during the year ended 31 December 2019 amounted to HK$144,654,000 (2018: HK$188,500,000).

Minimum lease payments receivable on leases are as follows:

	2019 **HK$'000**
Within one year	**2,462,780**
In the second year	**1,750,400**
In the third year	**1,130,037**
In the fourth year	**577,918**
In the fifth year	**324,029**
After five years	**121,638**
	6,366,802

At 31 December 2018, the Group had contracted with lessees for the following future minimum lease payments in respect of investment properties which fall due as follows:

	2018 HK$'000
Within one year	2,413,441
In the second to fifth year inclusive	3,494,499
After five years	245,793
	6,153,733

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.

39. OPERATING LEASE ARRANGEMENTS (continued)

The Group as lessee

At 31 December 2019, the Group has lease commitments of HK$476,000 for short-term leases which fall due within one year.

At 31 December 2018, the Group had outstanding commitments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2018 HK$'000
Within one year	13,715
In the second to fifth year inclusive	30,635
	44,350

Operating lease payments represent rentals payable by the Group for certain of its office premises. Leases are negotiated for term of two to six years and rentals are fixed over the respective leases.

40. CONNECTED AND RELATED PARTY DISCLOSURES

The Group had the following significant related party balances and transactions during the year. The transactions were carried out in the normal course of the Group's business on terms mutually agreed between the parties. Dr. Lo Ka Shui is the chairman and managing director of the Company. Transactions with the Group were disclosed as related party transactions.

	2019 HK$'000	2018 HK$'000
Transaction with related parties for the year ended 31 December		
Dr. Lo Ka Shui		
Management fee income	**1,356**	1,284
Repair and maintenance income	**37**	–
Mr. Lo Kai Shui		
Management fee income	**–**	116

40. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

	2019 HK$'000	2018 HK$'000
Transactions with related companies for the year ended 31 December		
SFK Construction Holdings Limited and its subsidiaries[1]		
Rental income	**1,790**	7,161
Building management fee income	**295**	1,133
Carpark income	**42**	254
Reinstatement work	**229**	–
Cleaning service charge	**–**	98
SOCAM Development Limited and its subsidiaries[2]		
Trading income	**–**	1,421
Shui On Land Limited and its subsidiaries[2]		
Lease payment	**1,774**	1,788
Hotel income	**344**	151
Management fee expenses	**3,613**	3,777
Trading income	**136**	17
Shui Sing Holdings Limited and its subsidiaries[3]		
Management fee income	**264**	264
Repair and maintenance income	**341**	398
Agency fee income	**27**	34
Haining Haixing Hotel Company Limited[5]		
Hotel income	**931**	1,376
Healthy Seed Limited[4]		
Management fee income	**135**	2,035
Rental income	**334**	401
Building management fee income	**166**	160
Repair and maintenance income	**–**	24
Oasis Rainbow Limited[5]		
Procurement income	**145**	435
Transactions with a joint venture for the year ended 31 December		
Wealth Joy and its subsidiaries		
Supply procurement and consultancy services income	**–**	20,612

Transactions with related companies (other than Wealth Joy) are also connected transactions as defined in the chapter 14A of the Listing Rules.

40. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

	2019 HK$'000	2018 HK$'000
Balances with a joint venture and related companies as at 31 December		
Amount due from a joint venture (included in debtors, deposits and prepayments)		
Wealth Joy and its subsidiaries	–	24,252
Amounts due from related companies (included in debtors, deposits and prepayments)		
SOCAM Development Limited and its subsidiaries[2]	147	613
Shui On Land Limited and its subsidiaries[2]	1,779	1,773
Shui Sing Holdings Limited and its subsidiaries[3]	289	40
Haining Haixing Hotel Company Limited[5]	244	315
Oasis Rainbow Limited[5]	–	87
	2,459	2,828
Amounts due from related parties (included in debtors, deposits and prepayments)		
Dr. Lo Ka Shui	118	112
Mr. Lo Kai Shui	664	664
	782	776
Amounts due to related companies (included in creditors, deposits and accruals and lease liabilities)		
SFK Construction Holdings Limited and its subsidiaries[1]	598	1,203
Shui On Land Limited and its subsidiaries[2]	4,560	269
Healthy Seed Limited[4]	147	146
	5,305	1,618

Balances with a joint venture and related companies are unsecured, interest-free and repayable on demand. Other than the above balance with a joint venture as at 31 December 2018, the Group also had amount due from a joint venture as disclosed in note 16.

Notes:

1 Mr. Lo Kai Shui, being a controlling shareholder of these companies, is an associate of Dr. Lo Ka Shui (a substantial Shareholder of the Company), Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent, Dr. Lo Ying Sui and Mr. Lo Chun Him, Alexander, all being Directors of the Company.

2 Mr. Lo Hong Sui, Vincent, being a director and controlling shareholder of these companies, is an associate of Dr. Lo Ka Shui (a substantial Shareholder of the Company), Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Dr. Lo Ying Sui and Mr. Lo Chun Him, Alexander, all being Directors of the Company, and Mr. Lo Kai Shui.

3 Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, and Mr. Lo Kai Shui, are among the discretionary beneficiaries under a discretionary trust, being a substantial shareholder of this company, holding 33.36% (31 December 2018: 33.33%) interest of the Company.

40. CONNECTED AND RELATED PARTY DISCLOSURES (continued)

Notes: (continued)

4 Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander, are directors of this company.

5 The company is also a connected party of the Company in which a director of a subsidiary has controlling interest.

The remuneration of the Directors and other members of key management during the year were disclosed in note 11. The remuneration of the Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

41. 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 29 and 30 respectively, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include equity instruments at FVTOCI, notes and loan receivables, debtors, financial assets at FVTPL, restricted cash, time deposits with original maturity over three months, bank balances and cash, creditors, rental deposits received, derivative financial instruments, distribution payable, medium term notes and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

(i) Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate short term bank deposits, time deposits with original maturity over three months, restricted cash, notes and loan receivables, certain medium term notes and lease liabilities.

The Group's exposure to cash flow interest rate risk is resulted primarily from adverse change in interest rates of HIBOR and London Interbank Offered Rate arising from variable rate borrowings and certain medium term notes.

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

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates, including derivatives which are designated as effective hedging instruments for variable rate borrowings, medium term notes, 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 (2018: 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 loss before tax (2018: profit before tax) for the year ended 31 December 2019 would increase/decrease by HK$80,659,000 (2018: decrease/increase by HK$63,182,000).

(ii) Currency risk

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

The Group's medium term note of US$386,400,000 (2018: US$386,400,000) is denominated in a foreign currency (i.e. US$) and such foreign currency risk is managed by entering into cross currency swaps to hedge against its exposures to changes in foreign exchange rate on its medium term note. The cross currency swaps are designated as effective hedging instruments and hedge accounting is used (see note 21 for details). The Group reviewed the continuing effectiveness of hedging instruments at least at the end of each reporting period. The Group mainly uses regression analysis and comparison of change in fair value of the hedging instruments and the hedged items for assessing the hedge effectiveness.

42. 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	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
US$	**810,768**	1,668,055	**3,010,274**	3,028,299
RMB	**75,993**	86,947	**–**	–
Pound Sterling	**482**	128	**–**	–
Euro dollars	**93,131**	58,195	**2,415**	2,518
Australian dollars	**9,637**	3,024	**–**	–
New Zealand dollars	**40**	159,240	**–**	–
Canadian dollars	**20**	19	**–**	–
Macau pataca	**10,209**	9,148	**–**	–
Singapore dollars	**92,039**	4	**–**	–

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2018: 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% (2018: 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% (2018: 10%) change in foreign currency rate. A positive number below indicates a decrease in loss before tax (2018: an increase in profit before tax) where Hong Kong dollars weaken 10% (2018: 10%) against the relevant currency. For a 10% (2018: 10%) strengthening of Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the loss before tax (2018: profit before tax) for the year, and the balances below would be negative.

	2019	2018
	HK$'000	HK$'000
RMB	**7,599**	8,695
Pound Sterling	**48**	13
Euro dollars	**9,072**	5,568
Australian dollars	**964**	302
New Zealand dollars	**4**	15,924
Canadian dollars	**2**	2
Macau pataca	**1,021**	915
Singapore dollars	**9,204**	–

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.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(iii) Other price risk

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

Sensitivity analysis

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

If the prices of the listed and unlisted equity instruments at FVTOCI measured at fair value had been 10% (2018: 10%) higher/lower, investment revaluation reserve would increase/decrease by HK$103,474,000 (2018: HK$90,047,000) for the Group as a result of the changes in fair value of listed and unlisted equity instruments at FVTOCI.

If the prices of the listed equity securities held for trading measured at fair value had been 10% (2018: 10%) higher/lower, fair value changes on financial assets at FVTPL would increase/decrease by HK$23,466,000 (2018: HK$19,864,000) for the Group as a result of the changes in fair value of listed equity securities held for trading.

(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$10,706,504,000 as at 31 December 2019 (2018: HK$8,544,217,000). 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$6,253,684,000 as at 31 December 2019 (2018: HK$4,946,480,000).

The Group established a US$1 billion guaranteed medium term note programme, under which unsecured notes may be issued from time to time in various currencies and amounts with fixed or floating rates to be set upon issuance of notes and will be guaranteed. The Group issued an aggregate principal amounts of HK$2,543,000,000 and US$386,400,000 as at 31 December 2019 (2018: HK$2,543,000,000 and US$386,400,000).

42. 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 effective 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
2019								
Rental deposit received	–	275,406	161,635	171,422	50,354	71,467	730,284	730,284
Non-interest bearing	–	1,386,082	–	–	–	–	1,386,082	1,386,082
Fixed interest rate instruments	2.75% to 4.00%	171,558	368,708	168,708	3,121,945	1,831,833	5,662,752	4,883,206
Variable interest rate instruments	0.33% to 5.01%	4,877,277	4,997,687	4,654,072	7,857,595	5,906,846	28,293,477	26,312,271
Lease liabilities	3.29% to 5.00%	12,497	8,764	7,258	3,101	–	31,620	29,745
		6,722,820	5,536,794	5,001,460	11,032,995	7,810,146	36,104,215	33,341,588
2018								
Non-interest bearing	–	1,322,637	–	–	–	–	1,322,637	1,322,637
Fixed interest rate instruments	2.75% to 4.00%	175,024	375,024	169,324	169,324	4,970,510	5,859,206	4,893,292
Variable interest rate instruments	0.33% to 5.08%	5,775,179	9,440,087	6,564,565	4,279,341	1,849,775	27,908,947	26,267,861
		7,272,840	9,815,111	6,733,889	4,448,665	6,820,285	35,090,790	32,483,790

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments based on their contractual maturities. For derivative financial instruments settled on a net basis, undiscounted net cash inflows (outflows) are presented. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk (continued)

	Within 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total amount HK$'000	Total carrying amount HK$'000
2019						
Derivatives net settlement						
Interest rate swaps	**29,002**	**7,086**	**12,613**	**–**	**48,701**	**(12,716)**
Cross currency swaps	**36,003**	**32,516**	**(84,395)**	**–**	**(15,876)**	**(25,077)**
Currency forward contracts	**(4,198)**	**–**	**–**	**–**	**(4,198)**	**(4,198)**

	Within 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total amount HK$'000	Total carrying amount HK$'000
2018						
Derivatives net settlement						
Interest rate swaps	23,688	26,566	(5,337)	–	44,917	30,067
Cross currency swaps	42,675	41,447	(159,905)	–	(75,783)	(63,714)
Currency forward contracts	71	–	–	–	71	71

(c) Credit risk and impairment assessment

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31 December 2019 and 2018 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Group measures the loss allowance on liquid funds equal to 12m ECL. The credit risk on liquid funds is limited because most of the cash and deposits are placed with reputable banks with external credit rating of at least A1 assigned by an international credit-rating agency.

The credit risk on derivative financial instrument is limited because most of the counterparties are banks with external credit rating of at least A1 assigned by an international credit-rating agency.

The credit risk on notes receivable and equity linked notes is limited because most of the counterparties are banks and financial institutions with high credit-ratings assigned by international credit-rating agencies.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk and impairment assessment (continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor repays by frequent instalments and usually makes full settlement after due date.	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL – not credit-impaired	Lifetime ECL– not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

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 at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9.

Based on the ECL assessment, the credit exposures for trade and other receivables, loan receivables, amount due from a joint venture are considered as low risk of internal credit rating because the counterparties have a low risk of default and does not have material past-due amounts. During the year ended 31 December 2019, loss allowance provision of HK$19,566,000 (2018: HK$19,059,000) for trade debtors was recognised.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognised as trade debtors under the simplified approach.

	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 January 2018	–	18,478	18,478
Amount recovered	–	(581)	(581)
Increase in allowance recognised in profit or loss	1,162	–	1,162
At 31 December 2018	1,162	17,897	19,059
Increase in allowance recognised in profit or loss	**507**	**–**	**507**
At 31 December 2019	**1,669**	**17,897**	**19,566**

Other than concentration of credit risk on loan receivable related to a third party, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Categories of financial instruments

	2019 HK$'000	2018 HK$'000
Financial assets		
Financial assets at amortised cost		
Trade debtors	182,037	247,768
Other receivables	233,095	242,949
Notes receivable	679,767	250,171
Loan receivables	88,154	88,929
Mortgage loan receivables	3,113	–
Amount due from a joint venture	292	133,788
Restricted cash	166,405	170,798
Time deposits with original maturity over three months	200,000	702,833
Bank balances and cash	10,706,504	8,544,217
	12,259,367	10,381,453
Financial assets mandatorily measured at FVTPL		
Equity linked notes	–	31,392
Financial assets held for trading	234,665	198,640
	234,665	230,032
Equity instruments at FVTOCI		
Equity instruments at FVTOCI	1,034,736	900,472
Derivative financial instruments	12,788	26,994
Derivative instruments in designated hedge accounting relationships		
Derivative financial instruments	64,426	39,399

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Categories of financial instruments (continued)

	2019 HK$'000	2018 HK$'000
Financial liabilities		
Financial liabilities at amortised costs		
Trade creditors	**269,948**	261,003
Other payables	**462,040**	417,594
Rental deposits received	**730,284**	–
Construction fee payable and retention money payable	**389,426**	372,292
Distribution payable	**264,668**	271,748
Borrowings	**25,669,271**	25,624,861
Medium term notes	**5,526,206**	5,536,292
	33,311,843	32,483,790
Derivative financial instruments	**119,205**	82,109
Derivative instruments in designated hedge accounting relationships		
Derivative financial instruments	**–**	17,860

(e) Fair value

The fair values of financial assets and financial liabilities, including equity instruments at FVTOCI, derivative financial instruments and financial assets at FVTPL are determined as detailed in note 42(f). The fair value of other financial assets and financial liabilities which are at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions. The Directors consider the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate to their fair values.

(f) Fair value measurements recognised in the consolidated statement of financial position

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(f) Fair value measurements recognised in the consolidated statement of financial position (continued)

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the Group engages in 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 findings to the Board of Directors of the Company half yearly to explain the cause of fluctuations in the fair value of the assets and liabilities.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
2019				
Financial assets				
Financial assets mandatorily measured at FVTPL				
Derivative financial instruments	–	12,788	–	12,788
Derivative financial instruments under hedge accounting	–	64,426	–	64,426
Listed equity securities held for trading	234,665	–	–	234,665
Equity investments at FVTOCI				
Listed equity securities	196,262	–	–	196,262
Unlisted equity securities	682,277	–	156,197	838,474
Total	1,113,204	77,214	156,197	1,346,615
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial instruments	–	119,205	–	119,205
Total	–	119,205	–	119,205

42. 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
2018				
Financial assets				
Financial assets mandatorily measured at FVTPL				
Equity linked notes	–	–	31,392	31,392
Derivative financial instruments	–	26,994	–	26,994
Derivative financial instruments under hedge accounting	–	39,399	–	39,399
Listed equity securities held for trading	198,640	–	–	198,640
Equity investments at FVTOCI				
Listed equity securities	246,782	–	–	246,782
Unlisted equity securities	502,820	–	150,870	653,690
Total	948,242	66,393	182,262	1,196,897
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial instruments	–	82,109	–	82,109
Derivative financial instruments under hedge accounting	–	17,860	–	17,860
Total	–	99,969	–	99,969

There were no transfers between Level 1 and 2 in the current year.

42. 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 2019 HK$'000	2018 HK$'000	Fair value hierarchy	Valuation technique and key inputs
Listed equity securities classified as equity instruments at FVTOCI in the consolidated statement of financial position.	**196,262**	246,782	Level 1	Quoted market bid prices in an active market.
Listed equity securities held for trading in the consolidated statement of financial position.	**234,665**	198,640	Level 1	Quoted market bid prices in an active market.
Unlisted equity securities classified as equity instruments at FVTOCI in the consolidated statement of financial position.	**682,277**	502,820	Level 1	Broker's quote which reflects the Group's share of fair value of the underlying investments which are publicly traded equity investments.
Foreign currency derivative contracts classified as derivative financial instruments in the consolidated statement of financial position.	**(4,198)**	71	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.
Interest rate swaps classified as derivative financial instruments in the consolidated statement of financial position.	**50,551** **(63,267)**	66,322 (36,255)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable forward interest rates at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Cross currency swaps classified as derivative financial instruments in the consolidated statement of financial position.	**26,663** **(51,740)**	(63,714)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and interest rates (from observable forward exchange rates and interest rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

42. 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
	2019	2018			
	HK$'000	HK$'000			
Unlisted equity securities classified as equity instruments at FVTOCI in the consolidated statement of financial position.	**156,197**	150,870	Level 3	Market approach. It is based on the best information available in the circumstances and includes appropriate risk adjustments for lack of marketability.	Multiples of several comparable companies and risk adjustments for lack of marketability. (Note a)
Equity linked notes classified as financial assets at FVTPL in the consolidated statement of financial position.	**–**	31,392	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 b)

Notes:

(a) The higher the multiples, the higher the fair value of unlisted equity securities. The higher the risk adjustments, the lower the fair value of unlisted equity securities. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.

(b) The higher the volatility, the higher the fair value of equity linked notes. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(g) Reconciliation of Level 3 fair value measurements of financial assets

	Equity linked notes HK$'000	Unlisted equity securities HK$'000
At 1 January 2018	–	–
Adjustments*	–	41,103
Purchases	260,845	125,355
Redemption upon maturity/disposal	(229,179)	(15,690)
Change in fair value	(274)	102
At 31 December 2018	31,392	150,870
Purchases	**25,000**	**16,346**
Redemption upon maturity/disposal	**(56,747)**	**–**
Change in fair value	**355**	**(11,019)**
At 31 December 2019	**–**	**156,197**

* The Group has initially applied HKFRS 9 at 1 January 2018. Under the transition method chosen, comparative information is not restated.

The above change in fair value of equity linked notes and unlisted equity securities are included in "fair value changes on financial assets at FVTPL" in the consolidated income statement and "fair value gain (loss) on equity instruments at fair value through other comprehensive income" in the consolidated statement of other comprehensive income, respectively.

43. RECONCILIATION OF LIABILITIES AND RELATED ASSETS ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities and related assets arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Derivative financial instrument HK$'000	Interest payable HK$'000	Borrowings HK$'000	Medium term notes HK$'000	Lease liabilities HK$'000	Dividend payables HK$'000	Distribution payable HK$'000	Total HK$'000
At 1 January 2018	(44,164)	80,636	26,010,252	4,612,054	–	–	250,799	30,909,577
Distribution declared	–	–	–	–	–	907,860	681,865	1,589,725
Interest expenses (note)	–	763,207	46,240	5,093	–	–	–	814,540
Fair value adjustment	88,977	–	–	–	–	–	–	88,977
Financing cash flows	(11,166)	(814,767)	(230,885)	911,971	–	(659,526)	(660,913)	(1,465,286)
Foreign exchange translations	–	143	(203,199)	7,174	–	–	–	(195,882)
Interest capitalisation	–	69,130	–	–	–	–	–	69,130
Other non-cash changes	–	–	2,453	–	–	(248,334)	(3)	(245,884)
At 31 December 2018	33,647	98,349	25,624,861	5,536,292	–	–	271,748	31,564,897
Distribution declared	–	–	–	–	–	584,053	714,952	1,299,005
Interest expenses (note)	–	830,972	59,568	6,269	1,372	–	–	898,181
Fair value adjustment	(5,882)	–	–	–	–	–	–	(5,882)
New leases entered/ lease modified	–	–	–	–	42,285	–	–	42,285
Financing cash flows	14,442	(910,144)	(11,007)	–	(13,543)	(327,195)	(722,334)	(1,969,781)
Foreign exchange translations	–	149	(4,151)	(16,355)	–	–	–	(20,357)
Interest capitalisation	–	82,846	–	–	–	–	–	82,846
Other non-cash changes	(216)	–	–	–	(369)	(256,858)	302	(257,141)
At 31 December 2019	**41,991**	**102,172**	**25,669,271**	**5,526,206**	**29,745**	**–**	**264,668**	**31,634,053**

Note:

The amounts reclassified from hedging reserve are excluded in the reconciliation.

44. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2019 and 2018 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 2019	2018
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 share(s)	Issued and paid up share capital HK$	Principal activities	Percentage of issued equity share capital held by the Company 2019	2018
Incorporated and operating in Hong Kong					
Able Wise (China) Limited	1	1	Investment holding	**100%**	100%
Best Come Limited	1	1	Flexible workspace operation	**100%**	100%
Bon Project Limited	2	2	Property investment	**100%**	100%
Champion Global Services Limited	1	1	Provision of procurement services	**94%**	94%
Chance Mark Limited	2	2	Property investment	**100%**	100%
Clever Gain Investment Limited	2	2	Restaurant operation	**100%**	100%
Eagle Asset Management (CP) Limited	16,000,000	16,000,000	Manager of real estate investment trust	**100%**	100%
Eagle Property Management (CP) Limited	1	1	Property management	**100%**	100%
Ease Billion Development Limited	2	2	Property investment	**100%**	100%
Ease Treasure Finance Limited	1	1	Financing	**100%**	100%
Ease Treasure Finance (PSK) Limited*	1	1	Financing	**100%**	–
Ease Treasure Investment Limited	1	1	Property development	**100%**	100%
Eaton Hotels International Limited	1	1	Hotel & restaurant management	**100%**	100%
Eaton Residences Management Limited	1,000	10,000	Management of furnished apartments	**100%**	100%
Fortuna Wealth Company Limited	2	2	Property investment	**100%**	100%
GE Hospitality Asset Management Limited	1	1	Asset management	**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 Real Estate Agency Limited	1	1	Real estate agency	**100%**	100%
Great Eagle Trading Holdings Limited	1,000	82,992,841	Investment holding	**94%**	94%
Keysen Engineering Company, Limited	2	2	Maintenance services	**100%**	100%
Keysen Properties Management Company Limited	1	1	Property management	**100%**	100%
Landton Limited	2	2	Investment holding	**100%**	100%

44. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Share capital issued		Principal activities	Percentage of issued equity share capital held by the Company	
	Number of share(s)	Issued and paid up share capital HK$		2019	2018
Incorporated and operating in Hong Kong (continued)					
Langham Hospitality Group Limited	1	1	Investment holding	100%	100%
Langham Hotels International Limited	5,000	5,000	Hotel management	100%	100%
Langham Hotels Management (HK) Limited	1	1	Provision of hotel management service	100%	100%
Langham Hotels Services Limited	1	1	Hospitality management and marketing service	100%	100%
Langham Hotels (China) Limited	1	1	Hotel management	100%	100%
Langham Hotels (Cordis) Limited	1	1	Provision of staff services	100%	100%
Langham Hotels (EHK) Limited	1	1	Provision of staff services	100%	100%
Langham Hotels (LHK) Limited	1	1	Provision of staff services	100%	100%
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%
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%
Toptech Co. Limited	2,000,000	2,000,000	Trading of building materials	94%	94%
Topstar Investment Holdings Limited	1	1	Investment holding	100%	100%
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%

44. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Indirect subsidiaries	Share capital issued		Principal activities	Percentage of issued equity share capital held by the Company	
	Number of share(s)	Issued and paid up share capital HK$		2019	2018
Incorporated and operating in Hong Kong and indirectly owned and controlled by Champion REIT					
Benington Limited	100	1,000	Property investment	66.22%	65.99%
CP (A1) Limited	1	1	Property investment	66.22%	65.99%
CP (B1) Limited	1	1	Property investment	66.22%	65.99%
CP (MC) Limited	1	1	Property investment	66.22%	65.99%
CP (PH) Limited	1	1	Property investment	66.22%	65.99%
CP (SH) Limited	1	1	Property investment	66.22%	65.99%
CP (WC) Limited	1	1	Property investment	66.22%	65.99%
CP Finance Limited	1	1	Financing	66.22%	65.99%
CP (Portion A) Limited	2	2	Property investment	66.22%	65.99%
CP (Portion B) Limited	2	2	Property investment	66.22%	65.99%
CP Success Limited	1	1	Financing	66.22%	65.99%
CP Wealth Limited	1	1	Financing and treasury	66.22%	65.99%
Elegant Wealth Limited	1	1	Property investment	66.22%	65.99%
Maple Court Limited	2	2	Property investment	66.22%	65.99%
Panhy Limited	2	2	Property investment	66.22%	65.99%
Renaissance City Development Company Limited	2	20	Property investment	66.22%	65.99%
Shine Hill Development Limited	1,000,000	1,000,000	Property investment	66.22%	65.99%
Trump Treasure Limited	1	1	Treasury	66.22%	65.99%
Well Charm Development Limited	2	2	Property investment	66.22%	65.99%
Incorporated and operating in Hong Kong and indirectly owned and controlled by Langham					
Cordis Hong Kong Limited	2	2	Property investment	63.45%	62.93%
Grow On Development Limited	5,000	5,000	Property investment	63.45%	62.93%
Harvest Star International Limited	2	2	Property investment	63.45%	62.93%
LHIL Finance Limited	1	1	Financing	63.45%	62.93%
LHIL Treasury (HK) Limited	1	1	Financing	63.45%	62.93%
LHIL Treasury Company Limited	1	1	Treasury management	63.45%	62.93%

44. 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 2019	2018
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%**	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%
Ultra New Investments Limited	1 share of US$1	Investment holding	**100%**	100%
Incorporated in the British Virgin Islands and indirectly owned and controlled by Champion REIT				
EAM-Champion REIT Limited	1 share of US$1	Securities investment	**66.22%**	65.99%
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%
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				
NSW Hotel Management Pty Ltd	2 shares of A$1 each	Hotel operation	**100%**	100%
Southgate Hotel Management Pty. Ltd.	17,408 shares of A$2 each	Hotel operation	**100%**	100%
The Great Eagle Hotels (NSW) Trust	100 units of A$1 each	Hotel ownership	**100%**	100%
The Great Eagle Hotels (Victoria) Trust	108,688,206 shares of A$1 each	Hotel ownership	**100%**	100%

44. 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 2019	2018
Incorporated and operating in Italy				
Rio dei Vetrai S.r.l.*	EUR100,000	Hotel development	**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%
Incorporated and operating in the USA				
Langham Hotels Pacific Corporation	100 shares of US$1 each	Hotel management	**100%**	100%
Pacific Boston Holdings Corporation	100 shares of US$0.001 each	Hotel management	**100%**	100%
Pacific Chicago LLC	US$34,626,714	Hotel ownership	**100%**	100%
Pacific Dolphin Corporation	100 shares of no par value	Property investment	**100%**	100%
Pacific Eagle China Orient (US) Real Estate GP, LLC	US$250,000	Investment fund management	**80%**	80%
Pacific Eagle (US) Real Estate Fund, L.P.	US$95,189,804	Investment holding	**49.97%**	49.97%
Pacific Eagle Holdings Corporation	100 shares of no par value	Real estate management	**100%**	100%
Pacific Fifth Avenue Corporation	100 shares of US$0.01 each	Hotel ownership	**100%**	100%
Pacific Howard Corporation	100 shares of US$0.01 each	Property/hotel development	**100%**	100%
Pacific Huntington Hotel Corporation	100 shares of US$0.001 each	Hotel ownership	**100%**	100%
Pacific Langham Chicago Corporation	100 shares of US$0.001 each	Hotel management	**100%**	100%
Pacific Langham NY Management Corporation	100 shares of US$0.01 each	Hotel management	**100%**	100%
Pacific Malibu Dume LLC	US$20,145,000	Property held for sale	**49.97%**	49.97%
Pacific 1125 Market Corporation	100 shares of US$0.01 each	Hotel development	**100%**	100%
Pacific Pine LLC	US$33,363,081	Property development	**49.97%**	49.97%
Pacific 2014 Second Avenue LLC*	US$7,559,883	Property development	**100%**	–
Pacific Virginia LLC	US$18,465,373	Property development	**100%**	100%
Pacific Washington DC Corporation	100 shares of US$0.01 each	Hotel ownership	**100%**	100%
Pacific Washington DC Manager Corporation	100 shares of US$0.01 each	Hotel management	**100%**	100%
Peak Project Management Limited	100 shares of US$0.01 each	Project management	**100%**	100%
Shorthills NJ, Inc.	100 shares of US$1 each	Property investment	**100%**	100%

44. 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 2019	2018
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	**94%**	94%
朗廷酒店管理 (上海)有限公司**	US$3,750,000	Hotel management	**100%**	100%
朗虹(上海)酒店有限公司**	RMB1,100,000,000	Hotel ownership and operation	**100%**	100%
上海禮興酒店有限公司**	US$79,575,000	Hotel ownership and operation	**100%**	100%
高端(上海)貿易有限公司**	US$350,000	Trading of building materials	**94%**	94%
Incorporated and operating in Japan				
Great Eagle Tokyo TMK	JPY27,356,100,000	Hotel development	**100%**	100%
Great Eagle Japan KK*	JPY20,000,000	Hotel management and property development	**100%**	–
Incorporated in the Cayman Islands and indirectly owned and controlled by Champion REIT				
Champion MTN Limited	1 share of US$1	Medium term notes issuer	**66.22%**	65.99%
Ernest Limited	100 shares of US$1 each	Investment holding	**66.22%**	65.99%

* All these subsidiaries commenced its business during the year ended 31 December 2019.

** All these subsidiaries are registered as wholly foreign-owned enterprise in the PRC.

The Directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the above list contains only the particulars of the subsidiaries which principally affect the results or assets and liabilities of the Group.

Except for Champion MTN Limited which has issued the medium term notes as detailed in note 30, no other subsidiaries had issued any debt securities at 31 December 2019 and 2018 or at any time during both years.

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests/unitholders as at 31 December 2019 and 2018:

Indirect subsidiaries	Place of incorporation and principal activities	Proportion of ownership interests and voting rights held by non-controlling interests/unitholders 2019	2018	Profit (loss) allocated to non-controlling interests/ unitholders 2019 HK$'000	2018 HK$'000	Accumulated non-controlling interests/unitholders 2019 HK$'000	2018 HK$'000
Champion REIT	HK/Property investment	**33.78%**	34.01%	**(188,831)**	2,667,742	**21,901,034**	22,705,392
Langham	Cayman Islands/Property investment	**36.55%**	37.07%	**(16,546)**	49,948	**(1,305,576)**	(1,183,360)
US Real Estate Fund	the USA/Property investment	**50.03%**	50.03%	**(36,233)**	(140,147)	**370,114**	616,723

The above information is based on the financial information of Champion REIT and its subsidiaries, Langham and its subsidiaries and US Real Estate Fund and its subsidiaries for the relevant years respectively.

44. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Champion REIT and Langham are listed on the Stock Exchange. The Group as at 31 December 2019 has 66.22% and 63.45% (2018: 65.99% and 62.93%) ownership interest 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 2019 has 49.97% (2018: 49.97%) ownership in US Real Estate Fund, the Directors concluded that the Group is able to direct the relevant activities of US Real Estate Fund and achieves control over US Real Estate Fund through the general partner, who is a subsidiary of the Group.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests/unitholders is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Champion REIT and its subsidiaries

	2019 HK$'000	2018 HK$'000
Current assets	**2,225,046**	1,897,401
Non-current assets	**81,454,100**	83,393,104
Current liabilities	**(4,299,495)**	(6,624,444)
Non-current liabilities, excluding net assets attributable to unitholders	**(14,545,329)**	(11,905,133)
Net assets attributable to non-controlling unitholders of Champion REIT	**21,901,034**	22,705,392
Revenue	**3,080,669**	2,964,972
Expenses	**(1,407,069)**	(1,303,874)
(Loss) profit for the year, before distribution to unitholders	**(570,322)**	7,812,057
Distribution to unitholders	**(1,565,536)**	(1,530,045)
(Loss) profit for the year, after distribution to unitholders (note a)	**(2,135,858)**	6,282,012
Other comprehensive income (expense) for the year (note b)	**59,781**	(9,049)
Total comprehensive (expense) income for the year (note c)	**(2,076,077)**	6,272,963

44. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Champion REIT and its subsidiaries (continued)

	2019 HK$'000	2018 HK$'000
Attributable to non-controlling unitholders of Champion REIT:		
(Loss) profit for the year, before distribution to unitholders	**(188,831)**	2,667,742
Other comprehensive income (expense) for the year	**20,229**	(3,059)
Total comprehensive (expense) income for the year	**(168,602)**	2,664,683
Distributions to non-controlling unitholders of Champion REIT	**529,776**	522,051
Net cash inflow from operating activities	**1,991,407**	1,677,352
Net cash inflow (outflow) from investing activities	**5,289**	(193,183)
Net cash outflow from financing activities	**(1,634,571)**	(1,275,028)
Net cash inflow	**362,125**	209,141

Notes:

	2019 HK$'000	2018 HK$'000
(a) (Loss) profit for the year, after distributions to unitholders		
attributable to owners of the Company	**(1,417,251)**	4,136,321
attributable to non-controlling unitholders of Champion REIT	**(718,607)**	2,145,691
	(2,135,858)	6,282,012
(b) Other comprehensive income (expense) for the year		
attributable to owners of the Company	**39,552**	(5,990)
attributable to non-controlling unitholders of Champion REIT	**20,229**	(3,059)
	59,781	(9,049)
(c) Total comprehensive (expense) income for the year		
attributable to owners of the Company	**(1,377,699)**	4,130,331
attributable to non-controlling unitholders of Champion REIT	**(698,378)**	2,142,632
	(2,076,077)	6,272,963

44. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

Langham and its subsidiaries

	2019 HK$'000	2018 HK$'000
Current assets	**106,018**	162,264
Non-current assets	**17,506,028**	20,203,941
Current liabilities	**(463,754)**	(261,728)
Non-current liabilities	**(7,158,505)**	(7,145,861)
Equity attributable to non-controlling interests before intragroup eliminations	**3,651,267**	4,803,759
Equity attributable to non-controlling interests after intragroup eliminations (note)	**(1,305,576)**	(1,183,360)
Revenue	**483,883**	615,500
Expenses	**(269,227)**	(229,336)
(Loss) profit and total comprehensive income for the year	**(2,634,711)**	895,640
Attributable to non-controlling interests of Langham: (Loss) profit and total comprehensive (expense) income for the year (note)	**(16,546)**	49,948
Distributions to non-controlling interests of Langham	**150,146**	158,310
Net cash inflow from operating activities	**357,059**	480,539
Net cash outflow from investing activities	**(101,625)**	(242,411)
Net cash outflow from financing activities	**(266,583)**	(252,323)
Net cash outflow	**(11,149)**	(14,195)

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.

44. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (continued)

US Real Estate Fund and its subsidiaries

	2019 HK$'000	2018 HK$'000
Equity attributable to owners of the Company after intragroup eliminations (note)	**374,753**	439,988
Equity attributable to non-controlling interests after intragroup eliminations (note)	**370,114**	616,723
Loss and total comprehensive expense for the year	**(64,263)**	(215,555)
Attributable to non-controlling interests of US Real Estate Fund: Loss and total comprehensive expense for the year (note)	**(36,233)**	(140,147)
Distributions to non-controlling interests of US Real Estate Fund	**–**	–

Note:

The amounts have been adjusted for intragroup eliminations which primarily represent the elimination of revaluation gain on property and related deferred taxation in regards to the capital injection of the property to the US Real Estate Fund.

45. PARTICULARS OF THE PRINCIPAL JOINT VENTURES

Details of the Group's principal joint ventures at 31 December 2019 and 2018 are set out below:

Indirect joint ventures	Issued and paid up equity share capital/ contribution paid	Principal activities	Percentage of issued equity share capital held by the Group 2019	2018
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%
Incorporated in the USA				
8701 Associates 2 LLC	US$28,000,000	Investment holding of subsidiaries which are engaged in property development	**25%**	25%

46. PARTICULARS OF THE ASSOCIATES

Details of the Group's associates at 31 December 2019 and 2018 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 2019	2018
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				
Redwood Peak Partners	12,500 shares of US$1 each	General partner of investment fund	**25%**	25%

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company

	2019 HK$'000	2018 HK$'000
Non-current assets		
Investment in a subsidiary	**4,093,475**	3,459,606
Amount due from a subsidiary	**17,961,132**	18,002,907
	22,054,607	21,462,513
Current assets		
Prepayments	**207**	832
Amount due from a subsidiary	**628,267**	701,706
Bank balances and cash	**8,106**	9,273
	636,580	711,811
Current liability		
Accruals	**8,928**	8,819
Net current assets	**627,652**	702,992
NET ASSETS	**22,682,259**	22,165,505
Share capital and reserves		
Share capital	**354,191**	349,323
Reserves	**22,328,068**	21,816,182
TOTAL EQUITY	**22,682,259**	22,165,505

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 (note)	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2018	5,619,734	3,054	424,627	43,895	15,612,587	21,703,897
Shares issued at premium	347,753	–	–	(13,859)	–	333,894
Share issue expenses	(113)	–	–	–	–	(113)
Recognition of equity-settled share-based payments	–	–	–	30,674	–	30,674
Profit and total comprehensive income for the year	–	–	–	–	655,690	655,690
Dividend paid	–	–	–	–	(907,860)	(907,860)
At 31 December 2018	5,967,374	3,054	424,627	60,710	15,360,417	21,816,182
Shares issued at premium	**325,983**	**–**	**–**	**(11,862)**	**–**	**314,121**
Share issue expenses	**(107)**	**–**	**–**	**–**	**–**	**(107)**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**31,506**	**–**	**31,506**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**750,418**	**750,418**
Dividend paid	**–**	**–**	**–**	**–**	**(584,052)**	**(584,052)**
At 31 December 2019	**6,293,250**	**3,054**	**424,627**	**80,354**	**15,526,783**	**22,328,068**

Note:

The contributed surplus is available for distribution to shareholders under the Bermuda Companies Act. Contributed surplus represents the surplus arising under the Scheme of Arrangement undertaken by the Group in 1989/90. At 31 December 2019, total profits (including contributed surplus) available for distribution to shareholders was HK$14,064,537,000.

48. EVENT AFTER THE END OF THE REPORTING PERIOD

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

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 Residence 100 Blue Pool Road, Happy Valley, Hong Kong	Furnished apartments	34,000	100%
Great Eagle Centre 23 Harbour Road, Wanchai, Hong Kong	Commercial/Office	270,000	100%
ON LAND UNDER MEDIUM-TERM LEASES			
Apartment Tower on the Western Side of Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong	Apartments	6,000	100%
Eaton Residence 4H Village Road, Happy Valley, Hong Kong	Furnished apartments	23,000	100%
Eaton Residence 3-5 Wan Chai Gap Road, Wan Chai, Hong Kong	Furnished apartments	35,000	100%
Eaton HK 380 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong	Hotel/Commercial	339,000	63.45%
The Langham, Hong Kong 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong	Hotel/Commercial	375,000	63.45%
Cordis, Hong Kong 555 Shanghai Street, Mongkok, Kowloon, Hong Kong	Hotel	580,000	63.45%
The Langham, Shanghai, Xintiandi 99 Madang Road, Xintiandi, Shanghai 200021, the PRC	Hotel/Commercial	575,000	100%
Three Garden Road 3 Garden Road, Central, Hong Kong	Commercial/Office	1,638,000	66.22%

PROPERTIES HELD FOR INVESTMENT (continued)

Name and location	Use	Approximate Floor area (sq. ft.)	Group's interests
ON LAND UNDER MEDIUM-TERM LEASES (continued)			
Langham Place 8 Arygle Street, Mongkok, Kowloon, Hong Kong	Commercial/Office	1,293,000	66.22%
Cordis, Shanghai Hongqiao 333 Shen Hong Road, Minhang District, Shanghai 201106, the PRC	Hotel/Commercial	505,000	100%
ON FREEHOLD LAND			
The Langham, London 1B & 1C Portland Place, Regent Street, London, W1B 1JA, the United Kingdom	Hotel/Commercial	363,000	100%
Chelsea Hotel, Toronto 33 Gerrard Street West, Toronto, Ontario M5G 1Z4, Canada	Hotel/Commercial	1,130,000	100%
The Langham, Melbourne One Southgate Avenue, Southbank, Melbourne, Victoria 3006, Australia	Hotel/Commercial	385,000	100%
Cordis, Auckland 83 Symonds Street, Auckland 1140, New Zealand	Hotel/Commercial	309,000	100%
The Langham, Boston 250 Franklin Street, Boston, MA 02110, the USA	Hotel/Commercial	281,000	100%
The Langham Huntington, Pasadena, Los Angeles, 1401 South Oak Knoll Avenue, Pasadena, California 91106, the USA	Hotel/Commercial	489,000	100%
The Langham, Sydney 89-113 Kent Street, Sydney, NSW 2000, Australia	Hotel	129,000	100%

PROPERTIES HELD FOR INVESTMENT (continued)

Name and location	Use	Approximate Floor area (sq. ft.)	Group's interests
ON FREEHOLD LAND (continued)			
The Langham, Chicago 330 North Wabash, Chicago, IL 60611, the USA	Hotel	342,000	100%
The Langham, New York, Fifth Avenue 400 Fifth Avenue, New York 10018, the USA	Hotel	297,000	100%
Eaton Washington D.C. 1201 K. Street, N.W., Washington DC, DC 20005, the USA	Hotel	173,000	100%

PROPERTIES UNDER DEVELOPMENT

Name and location	Use	Approximate Floor area (sq. ft.)	Group's interests
ON LAND UNDER MEDIUM-TERM LEASE			
ONTOLO 7 Fo Yin Road, Pak Shek Kok, Tai Po, New Territories, Hong Kong (note a)	Residential	730,000	100%
ON FREEHOLD LAND			
555 Howard Street, San Francisco, CA 94105, the USA (note b)	Mixed-use	430,000	100%
1125 Market Street, San Francisco, CA 94103, the USA (note b)	Hotel	139,000	100%
1931 Second Avenue, Seattle, WA 98101 the USA (note c)	Mixed-use	19,400	100%

PROPERTIES UNDER DEVELOPMENT (continued)

Name and location	Use	Approximate Floor area (sq. ft.)	Group's interests
ON FREEHOLD LAND (continued)			
2014 Second Avenue, Seattle, WA 98121 the USA (note c)	Mixed-use	13,000	100%
Various lots on Roppongi 4-Chome, Minato-ku, Tokyo Japan (note c)	Hotel	45,000	100%
Fondamenta Daniele Manin no. 1, 2, 5, Murano, Venezia Italy (note c)	Hotel	150,000	100%

PROPERTIES HELD FOR SALE

Name and location	Use	Approximate Floor area (sq. ft.)	Group's interests
ON FREEHOLD LAND			
The Austin 1545 Pine Street, San Francisco, CA 94109, the USA (note d)	Condominium	135,000	49.97%
Cavalleri 6487-89 Cavalleri Road, Malibu, CA 90265, the USA (note e)	Condominium	186,000	49.97%

Notes:

(a) All towers were topped-out and fitting out works in progress.

(b) Planning works in progress.

(c) Under design and planning. The approximate floor area has not yet been determined and the approximate land area was disclosed.

(d) Construction have been completed, sales in progress.

(e) Renovation works have been completed.

APPENDIX II – FIVE YEARS' FINANCIAL SUMMARY

	For the year ended 31 December				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019 HK$'000**
RESULTS					
Revenue	8,270,902	8,648,500	8,948,104	10,156,180	**9,236,830**
(Loss) profit before tax	5,273,225	4,692,344	13,166,490	8,914,195	**(146,283)**
Income taxes	(539,172)	(572,598)	(377,559)	(526,500)	**(429,789)**
(Loss) profit for the year	4,734,053	4,119,746	12,788,931	8,387,695	**(576,072)**
Attributable to:					
Owners of the Company	3,312,335	2,769,792	8,817,852	5,810,713	**(337,790)**
Non-controlling unitholders of Champion REIT	1,247,286	1,148,328	3,825,235	2,667,742	**(188,831)**
Non-controlling interests	174,432	201,626	145,844	(90,760)	**(49,451)**
	4,734,053	4,119,746	12,788,931	8,387,695	**(576,072)**
(Loss) earnings per share					
Basic	HK$4.98	HK$4.10	HK$12.83	HK$8.33	**(HK$0.48)**
Diluted	HK$4.98	HK$4.09	HK$12.74	HK$8.31	**(HK$0.48)**
ASSETS AND LIABILITIES					
Total assets	105,188,197	106,328,934	121,003,536	128,425,457	**127,960,446**
Total liabilities	(32,145,079)	(33,400,752)	(36,175,105)	(36,915,214)	**(38,050,672)**
	73,043,118	72,928,182	84,828,431	91,510,243	**89,909,774**
Attributable to:					
Owners of the Company	54,332,645	55,847,312	64,468,712	69,352,812	**68,922,297**
Non-controlling unitholders of Champion REIT	18,068,925	17,434,493	20,706,511	22,705,392	**21,901,034**
Non-controlling interests	641,548	(353,623)	(346,792)	(547,961)	**(913,557)**
	73,043,118	72,928,182	84,828,431	91,510,243	**89,909,774**

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
"2019 Share Option Scheme"	the share option scheme of the Company adopted by an ordinary resolution passed on 22 May 2019
"Bye-laws"	The bye-laws of the Company as may be amended from time to time
"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 66.22% as at 31 December 2019
"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
"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 63.45% as at 31 December 2019
"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 49.97% as at 31 December 2019

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 website "HKEXnews" 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).

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