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鷹君集團有限公司  
Great Eagle  
Holdings Limited

於百慕達註冊成立之有限公司  
Incorporated in Bermuda with limited liability

(Stock Code: 41)

## 2021 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors of Great Eagle Holdings Limited (the “Company”) announces the consolidated financial results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2021 as follows:

	Year ended 31 December		Change
	2021 HK\$ million	2020 HK\$ million	
<b>Key Financials on Income Statement</b>			
<b>Based on core business <sup>1</sup></b>			
Revenue based on core business	5,696.9	8,261.9	- 31.0%
Core profit after tax attributable to equity holders	1,360.6	1,771.9	- 23.2%
Core profit after tax attributable to equity holders (per share)	HK\$1.87	HK\$2.48	
<b>Based on statutory accounting principles <sup>2</sup></b>			
Revenue based on statutory accounting principles	7,830.4	10,305.3	- 24.0%
Statutory loss attributable to equity holders	(499.0)	(8,540.3)	- 94.2%
Interim dividend (per share)	HK\$0.33	HK\$0.33	
Special interim dividend (per share)	-	HK\$1.50	
Final dividend (per share)	HK\$0.50	HK\$0.50	
Special final dividend (per share)	HK\$0.50	HK\$0.50	
Total dividend (per share)	HK\$1.33	HK\$2.83	

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

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

	<b>As at the end of</b>	
	<b>December 2021</b>	<b>June 2021</b>
<b><i>Key Financials on Balance Sheet</i></b>		
<b>Based on share of Net Assets of Champion REIT, LHI and the U.S. Fund (core balance sheet) <sup>1</sup></b>		
Net gearing	10.5%	11.9%
Book value (per share)	HK\$94.1	HK\$88.9
<b>Based on statutory accounting principles <sup>2</sup></b>		
Net gearing <sup>3</sup>	34.0%	38.9%
Book value (per share)	HK\$84.1	HK\$79.0

<sup>1</sup> The Group's core balance sheet is derived from our share of LHI's net assets. As the hotels owned by LHI are classified as investment properties, the values of these hotels were marked to market. More details about the balance sheet derived from our share of net assets in Champion REIT, LHI and the U.S. Fund are on page 4.

<sup>2</sup> As for the Group's balance sheet prepared under statutory accounting principles, the entire debts of Champion REIT, LHI and the U.S. Fund were consolidated in aggregate. However, the Group only owns a 67.76%, 69.39% and 49.97% equity stakes in Champion REIT, LHI and the U.S. Fund respectively as at the end of December 2021.

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

## Core Profit - Financial Figures based on core business

	Year ended 31 December		Change
	2021	2020	
	HK\$ million	HK\$ million	
<b>Revenue from core business</b>			
Revenue from property sales	1,802.0	5,107.9	- 64.7%
Hotels Division	2,085.7	1,300.1	60.4%
Management fee income from Champion REIT	365.4	378.0	- 3.3%
Distribution income from Champion REIT <sup>^</sup>	914.6	988.0	- 7.4%
Distribution income from LHI <sup>^</sup>	60.7	-	n.a.
Gross rental income	144.8	183.3	- 21.0%
Other operations	323.7	304.6	6.3%
<b>Total revenue</b>	<b>5,696.9</b>	<b>8,261.9</b>	<b>- 31.0%</b>
Income from property sales	815.6	2,055.4	- 60.3%
Hotels EBITDA	(105.4)	(625.8)	- 83.2%
Management fee income from Champion REIT	365.4	378.0	- 3.3%
Distribution income from Champion REIT <sup>^</sup>	914.6	988.0	- 7.4%
Distribution income from LHI <sup>^</sup>	60.7	-	n.a.
Net rental income	98.1	134.5	- 27.1%
Operating income from other operations	122.7	(26.3)	n.m.
<b>Operating income from core business</b>	<b>2,271.7</b>	<b>2,903.8</b>	<b>- 21.8%</b>
Depreciation	(332.0)	(380.8)	- 12.8%
Administrative and other expenses	(437.7)	(590.0)	- 25.8%
Other income	9.3	43.9	- 78.8%
Interest income	78.8	188.9	- 58.3%
Finance costs	(159.5)	(156.1)	2.2%
Share of results of joint ventures	(8.6)	(17.0)	- 49.4%
Share of results of associates	6.1	5.1	19.6%
<b>Core profit before tax</b>	<b>1,428.1</b>	<b>1,997.8</b>	<b>- 28.5%</b>
Income taxes	(67.1)	(224.9)	- 70.2%
<b>Core profit after tax</b>	<b>1,361.0</b>	<b>1,772.9</b>	<b>- 23.2%</b>
Non-controlling interest	(0.4)	(1.0)	- 60.0%
<b>Core profit attributable to equity holders</b>	<b>1,360.6</b>	<b>1,771.9</b>	<b>- 23.2%</b>

<sup>^</sup> Under the Group's statutory profit, the annual results of Champion REIT, LHI and the U.S. Fund are consolidated on the Group's income statement. 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 2021**

	<b>Assets</b> <i>HK\$ million</i>	<b>Liabilities</b> <i>HK\$ million</i>	<b>Net Assets</b> <i>HK\$ million</i>
<b>Great Eagle operations</b>	<b>47,069</b>	<b>17,555</b>	<b>29,514</b>
<b>Champion REIT</b>	<b>45,991</b>	<b>12,379</b>	<b>33,612</b>
<b>LHI</b>	<b>10,139</b>	<b>4,727</b>	<b>5,412</b>
<b>U.S. Fund</b>	<b>426</b>	<b>154</b>	<b>272</b>
	<b>103,625</b>	<b>34,815</b>	<b>68,810</b>

**31 December 2020**

	<b>Assets</b> <i>HK\$ million</i>	<b>Liabilities</b> <i>HK\$ million</i>	<b>Net Assets</b> <i>HK\$ million</i>
Great Eagle operations	35,425	9,681	25,744
Champion REIT	48,192	13,500	34,692
LHI	10,441	4,812	5,629
U.S. Fund	451	181	270
	94,509	28,174	66,335

## Financial Figures based on statutory accounting principles

	Year ended 31 December		Change
	2021 <i>HK\$ million</i>	2020 <i>HK\$ million</i>	
<b>Revenue based on statutory accounting principles</b>			
Revenue from property sales	1,802.0	5,107.9	- 64.7%
Hotels Division	2,835.3	1,815.2	56.2%
Gross rental income	144.8	183.3	- 21.0%
Other operations (including management fee income from Champion REIT)	689.2	682.5	1.0%
Gross rental income - Champion REIT	2,769.2	2,920.3	- 5.2%
Gross rental income - LHI	224.3	208.3	7.7%
Gross revenue - U.S. Fund	52.8	84.3	- 37.4%
Elimination on intragroup transactions	(687.2)	(696.5)	- 1.3%
<b>Consolidated total revenue</b>	<b>7,830.4</b>	<b>10,305.3</b>	<b>- 24.0%</b>
Income from property sales	815.6	2,055.4	- 60.3%
Hotels EBITDA	(105.4)	(625.8)	- 83.2%
Net rental income	98.1	134.5	- 27.1%
Operating income from other operations (including management fee income from Champion REIT)	488.1	351.6	38.8%
Net rental income - Champion REIT	1,933.0	2,065.4	- 6.4%
Net rental income - LHI	203.6	179.9	13.2%
Net operating income/(loss) - U.S. Fund	12.6	(0.0)	n.m.
Elimination on intragroup transactions	(75.3)	40.5	n.m.
<b>Consolidated segment results</b>	<b>3,370.3</b>	<b>4,201.5</b>	<b>- 19.8%</b>
Depreciation	(849.4)	(831.8)	2.1%
Fair value changes on investment properties	(2,178.6)	(14,252.7)	- 84.7%
Fair value changes on derivative financial instruments	290.8	(194.0)	n.m.
Fair value changes on financial assets at fair value through profit or loss	(47.2)	40.9	n.m.
Administrative and other expenses	(446.6)	(489.2)	- 8.7%
Allowance for credit losses on notes receivables and interest receivables	(108.4)	-	n.a.
Impairment loss on property, plant and equipment	-	(347.9)	n.a.
Other income (including interest income)	171.6	289.7	- 40.8%
Finance costs	(705.3)	(802.9)	- 12.2%
Share of results of joint ventures	13.7	(17.0)	n.m.
Share of results of associates	6.1	5.1	19.6%
<b>Statutory loss before tax</b>	<b>(483.0)</b>	<b>(12,398.3)</b>	<b>- 96.1%</b>
Income taxes	(309.0)	(403.8)	- 23.5%
<b>Statutory loss after tax</b>	<b>(792.0)</b>	<b>(12,802.1)</b>	<b>- 93.8%</b>
Non-controlling interest	22.0	113.5	- 80.6%
Non-controlling unitholders of Champion REIT	271.0	4,148.3	- 93.5%
<b>Statutory loss attributable to equity holders</b>	<b>(499.0)</b>	<b>(8,540.3)</b>	<b>- 94.2%</b>

## OVERVIEW

The COVID-19 pandemic and the closure of borders have continued to adversely affect our businesses. Nevertheless, there was some improvement in hotels' operations both local and overseas. During the second half of 2020, the Group sold and delivered most of the smaller units in the ONTOLO project and recorded related profits. In comparison, sales for the reported year were mainly for the remaining larger units which generally progressed at a slower pace and hence accounted for the drop in property sales income. The Group's core profit attributable to equity holders for the year was HK\$1,360.6 million representing a 23.2% drop compared to HK\$1,771.9 million last year, after factoring in an operating income of HK\$815.6 million (2020: HK\$2,055.4 million) from ONTOLO. The Group's statutory results reported a loss attributable to equity holders of HK\$499.0 million for the year 2021 (2020: HK\$8,540.3 million), mainly due to significant reduction in negative revaluation changes on investment properties. Notwithstanding the overall difficult operating environment, the Group continued to explore opportunities to expand its quality asset base and widen its income sources. As reported in the 2021 Interim Report, the Group in February 2021 successfully acquired the development rights for a luxury residential project in Ho Man Tin, Hong Kong and took advantage of the underutilised plot ratio to build a new tower with 244 hotel rooms located next to our Cordis, Auckland in the third quarter of 2021. The Group also completed a major renovation of the Langham, Boston and reopened the hotel in late June 2021.

During the year, operation of the Group's overseas hotels was still significantly hindered by the COVID-19 pandemic. However, compared to previous year, there was some improvement thanks to the gradual relaxation of travel restriction and mandatory quarantine requirements amid intermittent interruption in different countries, as well as our continued efforts in achieving efficient cost controls. The reported loss before interest, taxes and depreciation of the hotels excluding those owned by LHI for the year narrowed to HK\$105.4 million from HK\$625.8 million for the previous year, representing an improvement of HK\$520.4 million or 83.2%.

According to statutory accounting principles, our investment in LHI is classified as a subsidiary, and its results are consolidated into the Group's statutory accounts. However, as LHI is principally focused on distributions, it is more meaningful for the Group's core profit to account for only LHI's distribution attributable to the Group. Amid the lacklustre performances of its three hotels in Hong Kong, LHI generated a small distribution income and declared distribution per Share Staple Unit of HK2.7 cents for the year 2021.

For similar reasons, the Group's core profit is based on the attributable distribution income and management fee income derived from Champion REIT for the same financial year. The persistence of the COVID-19 pandemic continued to pose challenges to the operating environment of Champion REIT. After factoring in the Group's 0.54% increase in investment in Champion REIT during the year, distribution income from Champion REIT dropped by 7.4% year-on-year to HK\$914.6 million from HK\$988.0 million for the previous year, while management fee income also fell by 3.3% from HK\$378.0 million to HK\$365.4 million.

Hit by COVID-19 and border closures, net rental income from our investment portfolio, mainly Great Eagle Centre and Eaton Residences, dropped by 27.1% year-on-year from HK\$134.5 million to HK\$98.1 million.

The Group's other business operations turned a loss of HK\$26.3 million for the previous year to a net income of HK\$122.7 million as the previous year results included a provision of HK\$128.0 million for loss due to rental commitments of our Eaton Club's flexible workspace business.

Overall, the Group's core operating income before depreciation and expenses fell by 21.8% to HK\$2,271.7 million (2020: HK\$2,903.8 million), mainly due to a drop of HK\$1,239.8 million profit booked for the sale of ONTOLO units. The impact of such drop in property sale income was partially mitigated by reduced loss from hotels operation and better results from other business operation.

Administration and other expenses decreased 25.8% to HK\$437.7 million against the previous year, mainly because of more stringent costs control and less property selling expenses. In 2021, the Group recorded fully impaired note receivables of HK\$32.2 million as the counterparty triggered an event of default while in 2020 the Group wrote off certain investments related to our Hong Kong and overseas flexible workspace businesses to a total amount of HK\$132.8 million.

The Group's interest income dropped 58.3% to HK\$78.8 million in 2021 (2020: HK\$188.9 million), due to lower deposit rates as well as reduced cash holdings and investments in high yield bonds. The Group was in a net finance expenses position amounting to HK\$80.7 million in 2021 (2020: net interest income HK\$32.8 million). Core profit attributable to equity holders dropped by 23.2% to HK\$1,360.6 million (2020: HK\$1,771.9 million).

In addition, the Group holds approximately 13.4 million shares in U.S listed electric vehicle company Lucid (US stock code: LCID.US). In accordance with applicable accounting standards, an unrealised valuation surplus of HK\$3,717.5 million, based on the closing price of US\$38.05 per share as at 31 December 2021, had been credited directly to the reserve account in the balance sheet of the Group.

Despite the global economic turbulence brought by COVID-19 and other geopolitical tensions, the Group's financial position remains healthy and the Group is expected to withstand the pandemic and other risks without significant stress. As explained in the 2021 Interim Report, the Group successfully established a Medium Term Note Programme during the year, giving it access to more diverse and flexible funding channels.

## BUSINESS REVIEW

Breakdown of Operating Income	Year ended 31 December		
	2021	2020	Change
	<i>HK\$ million</i>	<i>HK\$ million</i>	
1. Income from property sales	815.6	2,055.4	- 60.3%
2. Hotels EBITDA	(105.4)	(625.8)	- 83.2%
3. Income from Champion REIT	1,280.0	1,366.0	- 6.3%
4. Distribution income from LHI	60.7	-	n.a.
5. Net rental income from investment properties	98.1	134.5	- 27.1%
6. Operating income from other operations	122.7	(26.3)	n.m.
<b>Operating income from core business</b>	<b>2,271.7</b>	<b>2,903.8</b>	<b>- 21.8%</b>

### 1. PROPERTY SALES

#### ONTOLO, Pak Shek Kok

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

By the end of 2021, accumulated sales reached 580 residential units (representing a saleable area of 417,162 sq. ft.) and 149 carparks. A majority of the units sold was handed over to buyers in 2020, while 117 residential units (saleable area 90,193 sq. ft.) and 41 carparks were delivered to buyers in 2021 resulted in booking of relevant revenue and operating profit contribution of HK\$1,802.0 million and HK\$815.6 million respectively in the reported period. During the year, the average sales price for the residential units reached HK\$19,278 per sq. ft. based on saleable area, while average sales price was HK\$2.57 million per unit for the sold parking spaces.

## 2. HOTELS DIVISION

### Hotels Performance

	Average daily rooms available		Occupancy		Average room rate (local currency)		RevPAR (local currency)	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Europe</b>								
The Langham, London	380	380	22.8%	19.0%	476	333	108	63
<b>North America</b>								
The Langham, Boston <sup>^</sup>	299	-	18.7%	-	499	-	93	-
The Langham Huntington, Pasadena	379	379	34.3%	22.3%	365	295	125	66
The Langham, Chicago	316	316	43.0%	21.3%	472	369	203	79
The Langham, New York, Fifth Avenue	234	234	39.3%	18.5%	673	498	264	92
Eaton, Washington D.C.	209	209	29.6%	17.9%	192	182	57	32
Chelsea Hotel, Toronto	1,590	1,590	33.9%	20.3%	110	137	37	28
<b>Australia / New Zealand</b>								
The Langham, Melbourne	388	388	20.4%	21.5%	344	346	70	75
The Langham, Sydney	96	96	31.7%	36.6%	538	470	171	172
Cordis, Auckland	410	373	27.3%	40.4%	218	230	60	93
<b>China</b>								
The Langham, Shanghai, Xintiandi	354	355	63.0%	52.3%	1,296	1,172	816	613
Cordis, Shanghai, Hongqiao	394	395	58.8%	40.4%	768	723	451	292

<sup>^</sup> Re-opened in the second quarter of 2021 after the hotel has been closed for renovation from April 2019

	Year ended 31 December		Change
	2021 <i>HK\$ million</i>	2020 <i>HK\$ million</i>	
<b>Hotels revenue</b>			
Europe	250.7	138.0	81.7%
North America	1,002.3	517.8	93.6%
Australia / New Zealand	346.9	296.1	17.2%
Mainland China	370.8	274.8	34.9%
Others (including hotel management fee income)	115.0	73.4	56.7%
<b>Total hotels revenue</b>	<b>2,085.7</b>	<b>1,300.1</b>	<b>60.4%</b>
<b>Hotels EBITDA</b>			
Europe	23.1	(47.9)	n.m.
North America	10.7	(364.6)	n.m.
Australia / New Zealand	(53.0)	(40.1)	32.2%
Mainland China	63.7	17.8	257.9%
Others (including hotel management fee income)	(149.9)	(191.0)	- 21.5%
<b>Total hotels EBITDA</b>	<b>(105.4)</b>	<b>(625.8)</b>	<b>- 83.2%</b>

The majority of our overseas hotels saw performances improve in the second half of the year as social distancing restrictions were lifted in most countries, and our hotels resumed more normal operations. In most cases performance was supported by the domestic leisure business as almost all international borders remained very subdued. In the Pacific region, a resurgence of COVID-19 cases hampered performance as governments reimpose lockdowns in Australia and New Zealand from the third quarter onwards. On a positive note, some of our hotels returned a profit during the year.

Total revenue for the Hotels Division rose 60.4% year-on-year to HK\$2,085.7 million in 2021, after accounting for operating loss and rental payment shortfall of HK\$215.7 million incurred as the lessee of LHI's hotels, and which are included under the row "Others" in the breakdown of the Hotels Division's operating results. The Hotels Division incurred a loss before interest, taxes and depreciation of HK\$105.4 million in 2021 (2020: HK\$625.8 million). The loss has factored in government subsidies received of HK\$83.4 million (2020: HK\$239.3 million) and loan forgiveness under the Paycheck Protection Program ("PPP") equivalent to HK\$90.1 million.

## EUROPE

### *The Langham, London*

Our London hotel saw business recover from July onwards when all restrictions were lifted. Rooms revenue has primarily been driven by the local leisure business with only small signs of corporate activity. The reopening of the restaurants was flexed in line with business volume, while the two bars have seen good weekend business. However, the resurgence of COVID-19 cases in December 2021 led to booking cancellations during the festive season. In 2021, government relief subsidies amounted to HK\$19.1 million (2020: HK\$47.8 million) was booked for the hotel.

## **NORTH AMERICA**

***The Langham, Boston, The Langham, Chicago, The Langham, New York, Fifth Avenue, The Langham Huntington, Pasadena and Eaton, Washington D.C.***

Our US hotels performance saw business rebound in the second half of the year when the majority of the cities lifted some COVID-19 restrictions. In addition, the return of some entertainment and sporting events, corporate groups and conventions also helped drive domestic travel. Our rooms business was supported by a stronger leisure segment driving higher weekend room rates, with corporate and group activity slowly building during the week. Food and beverage (“F&B”) also witnessed some steady recovery.

The Langham, Boston reopened in June 2021 after extensive renovation. However, the resurgence of COVID-19 cases in late December 2021 led to booking cancellations in our US hotels during the holiday season.

During the year, our qualified hotels in the U.S. have been successfully granted loan forgiveness under PPP equivalent to HK\$90.1 million.

### ***Chelsea Hotel, Toronto***

Rooms business was supported by steady demand from a student residence programme with a local university. With the city still under a phased reopening plan, the hotel’s restaurants and banquet facilities remained challenged. During the year, government relief subsidies amounted to HK\$25.3 million (2020: HK\$36.5 million) was booked for the hotel.

During the year, the Group continued to work on the right to redevelop the Chelsea Hotel site into a mixed-use project with a 400-key hotel, two residential condominium towers and a small amount of commercial space which would more than double the existing aggregate gross floor area. After securing the Entitlement Rights per our development application in formal written in 2019, the Group submitted a Site Permit application to the City Planning in December 2019 and is awaiting Construction Permit approval. Our development team continues to assess market forces in order to determine the optimal timing to launch the redevelopment of the Chelsea site. Meanwhile, the Chelsea Hotel operation continues.

## **AUSTRALIA / NEW ZEALAND**

### ***The Langham, Melbourne and The Langham, Sydney***

Our Australian hotels continued to be affected by lockdowns in the third quarter due to local outbreaks of COVID-19, resulting in both hotels suspending operations. Sydney reopened in October 2021 with Melbourne resuming trading in November 2021. All restrictions in both cities were lifted in November 2021. However, our hotels have only seen gradual business recovery due to large scale and growing daily infections. During the year, government relief subsidies amounting to HK\$11.5 million (2020: HK\$46.8 million) was booked for the two hotels in Australia.

### ***Cordis, Auckland***

Our Auckland hotel suspended operations in August 2021 as the city entered lockdown. It reopened in December 2021, along with the launch of the new 244-room Pinnacle Tower, which received positive media feedback. All restrictions were lifted in Auckland city in December 2021 although international travel is still banned. During the year, government relief subsidies amounting to HK\$23.2 million (2020: HK\$26.2 million) was booked for the hotel.

## **MAINLAND CHINA**

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

The Chinese market showed promising signs of recovery in 2021 with good domestic travel. Our Shanghai hotels saw gradual performance improvement in the first half of the year. However, the intermittent resurgence of COVID-19 cases in Shanghai and nearby provinces hampered business results from August onwards as the majority of exhibitions in Shanghai were postponed or cancelled.

### Hotel Management Business

Results of the Hotels Division also included hotel management fee income from pure managed hotels and any surplus or shortfall incurred by the Group as the lessee of LHI's hotels, which are included under the row "Others" in the breakdown of the Hotels Division's operating results. The loss incurred in "Others" in 2021 was primarily due to the shortfall of HK\$215.7 million (2020: HK\$238.2 million) incurred by the Group as the lessee of LHI's hotels.

As at the end of December 2021, there were 12 managed hotels with approximately 3,400 rooms in our management portfolio. The most recent hotels added to the portfolio were Langham Place, Changsha, which opened in May 2021 with 294 rooms, and The Langham, Jakarta, which opened in September 2021 with 224 rooms.

### 3. INCOME FROM CHAMPION REIT

The Group's core profit is based on the attributable distribution income and management fee income from Champion REIT in respect of the same financial period. On that basis, total income from Champion REIT in 2021 dropped by 6.3% to HK\$1,280.0 million. Distribution income dropped by 7.4% to HK\$914.6 million, as the REIT declared a 8.7% decline in distribution per unit based on a 90% payout ratio (2020: 95%) and our holdings in the REIT increased from 67.22% as at the end of December 2020 to 67.76% as at the end of December 2021. Given Champion REIT's lower net property income, management fee income from Champion REIT fell 3.3% to HK\$365.4 million in 2021.

	Year ended 31 December		
	2021	2020	Change
	HK\$ million	HK\$ million	
Attributable distribution income	914.6	988.0	- 7.4%
Management fee income	365.4	378.0	- 3.3%
<b>Total income from Champion REIT</b>	<b>1,280.0</b>	<b>1,366.0</b>	<b>- 6.3%</b>

The following text was extracted from the 2021 annual results announcement of Champion REIT relating to the performance of the REIT's properties.

#### **Three Garden Road**

Demand from new and existing tenants gradually materialised in the second half, boosting the occupancy of Three Garden Road to 89.0% as at 31 December 2021 (31 December 2020: 86.8%). Rental income of the property shrank by 3.8% to HK\$1,460 million (2020: HK\$1,518 million), mainly attributable to the impact of negative rental reversion. Average passing rent decreased to HK\$108.3 per sq. ft. (based on lettable area) as at 31 December 2021 (31 December 2020: HK\$110.4 per sq. ft.). Net property income dropped 4.1% to HK\$1,313 million (2020: HK\$1,369 million) mainly due to lower rental income. Net property operating expenses maintained stable at HK\$147 million (2020: HK\$149 million).

#### **Langham Place Office Tower**

Occupancy of Langham Place Office Tower improved to 96.3% as at 31 December 2021 (31 December 2020: 88.7%) driven by a rebound in leasing momentum for beauty and healthcare tenants. However, the impact of negative rental reversion drove down rental income of the property to HK\$365 million (2020: HK\$378 million). Passing rents of the property declined to HK\$47.1 per sq. ft. (based on gross floor area) as at 31 December 2021 (31 December 2020: HK\$47.7 per sq. ft.). Net property income declined 5.4% to HK\$327 million (2020: HK\$346 million).

### **Langham Place Mall**

Total rental income of the mall went down 9.1% to HK\$670 million (2020: HK\$738 million) despite a rebound in tenants' sales. The decline was mainly due to negative rental reversion of the base rent portion and the impact of the departure of the anchor tenant. Average passing rents dropped to HK\$165.9 per sq. ft. (based on lettable area) as at 31 December 2021 (31 December 2020: HK\$179.3 per sq. ft.). The proportion of tenants paying turnover rent only decreased to 12% as at 31 December 2021 as the local retail environment stabilised. The mall remained fully occupied as at 31 December 2021. Net property income decreased 11.9% to HK\$557 million (2020: HK\$632 million).

## **4. DISTRIBUTION INCOME FROM LHI**

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

In 2021, LHI generated a small amount of distribution income and declared distribution per Share Stapled Unit of HK2.7 cents (2020: nil).

	Year ended 31 December		
	2021	2020	Change
	HK\$ million	HK\$ million	
Attributable distribution income	60.7	-	n.m.

Performances of the Hong Kong hotels below were extracted from the 2021 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\$)	
	2021	2020	2021	2020	2021	2020	2021	2020
The Langham, Hong Kong	498	498	30.1%	16.3%	1,103	1,342	332	219
Cordis, Hong Kong	667	667	36.0%	22.5%	996	1,165	358	262
Eaton HK	465	465	48.8%	37.4%	534	543	261	203

### **The Langham, Hong Kong**

The Langham, Hong Kong, witnessed continued pressure on demand for rooms as quarantine restrictions on inbound travellers continued throughout the year. As a result of weak demand from traditional segments during the year, the Hotel Manager targeted the local staycation market as well as long-stay business, producing an improvement in occupancy in the second half of 2021. As a result, the hotel posted a 30.1% occupancy for the full year, as compared with a 20.6% occupancy witnessed in the first half of 2021. Average room rate dropped 17.8% for the full year, as compared with a decrease of 23.7% in the first half of 2021.

F&B revenue for the hotel increased 57.4% year-on-year in 2021. The increase was due to the improved revenue across our restaurants as government restrictions eased and larger banqueting business was able to return towards the end of the year. Note that The Food Gallery was closed for three months at the beginning of the COVID-19 lockdown in 2020.

Excluding the decrease of HK\$24.8 million in Employment Support Scheme and other government subsidies that are recorded in other revenue, total revenue for the hotel increased 52.3% year-on-year in 2021.

### ***Cordis, Hong Kong***

With minimal demand from international markets amid ongoing border restrictions, the Hotel Manager focused on targeting the local staycation and long-stay businesses. The hotel managed to improve its occupancy to 36.0% for 2021, as compared with a 26.2% occupancy in the first half of 2021. Average room rate dropped 14.5% in 2021, as compared with a decrease of 22.0% in the first half of 2021.

Revenue from F&B witnessed an increase of 55.4% year-on-year in 2021, with strong spent-up demand from the local market. All the restaurants witnessed an improvement in business as government restrictions eased. In addition, the catering segment performed well from the third and fourth quarters on the back of eased restrictions that allowed the holding of larger functions and weddings banquets.

Excluding the decrease of HK\$29.5 million in Employment Support Scheme and other government subsidies that are recorded in other revenue, total revenue for the hotel increased 48.2% year-on-year in 2021.

### ***Eaton HK***

Eaton HK, managed to deliver a 48.8% occupancy for 2021, as it captured a good share of the staycation market by its value-for-money pricing. Room rate remained relatively stable dropping only 1.7% year-on-year in 2021, as compared with a drop of 10.6% year-on-year in the first half of 2021.

Revenue from F&B at the Eaton HK performed relatively well with an increase of 41.2% year-on-year in 2021. The growth was particularly strong at The Astor buffet restaurant. All the restaurants continued to build a strong reputation after renovations.

Excluding the decrease of HK\$15.9 million in Employment Support Scheme and other government subsidies that are recorded in other revenue, total revenue for the hotel increased 36.1% year-on-year in 2021.

## **5. RENTAL INCOME FROM INVESTMENT PROPERTIES**

	Year ended 31 December		
	2021 <i>HK\$ million</i>	2020 <i>HK\$ million</i>	Change
<b>Gross rental income</b>			
Great Eagle Centre	89.5	119.9	- 25.4%
Eaton Residences Apartments	26.2	33.0	- 20.6%
Others	29.1	30.4	- 4.3%
	<b>144.8</b>	<b>183.3</b>	<b>- 21.0%</b>
<b>Net rental income</b>			
Great Eagle Centre	80.3	112.1	- 28.4%
Eaton Residences Apartments	11.3	19.1	- 40.8%
Others	6.5	3.3	97.0%
	<b>98.1</b>	<b>134.5</b>	<b>- 27.1%</b>

## Great Eagle Centre

	As at the end of		
	December 2021	December 2020	Change
<b>Office (on lettable area)</b>			
Occupancy	69.5%	88.4%	- 18.9ppt
Average passing rent	HK\$63.0	HK\$69.5	- 9.4%
<b>Retail (on lettable area)</b>			
Occupancy	94.5%	95.0%	- 0.5ppt
Average passing rent	HK\$70.1	HK\$101.5	- 30.9%

Office space occupancy of Great Eagle Centre dropped 18.9 percentage points to 69.5% amid the departure of an anchor tenant and the disappearance of demand from the mainland companies in Wanchai, where demand had once dominated by them. Cross-border controls for the COVID-19 pandemic also lengthened downtime to backfilling vacant spaces. Overall gross rental income for the Great Eagle Centre, which included retail rental income and other income, dropped by 25.4% year-on-year to HK\$89.5 million in 2021. Net rental income dropped by 28.4% to HK\$80.3 million.

## Eaton Residences Apartments

	Year ended 31 December		
	2021	2020	Change
(on gross floor area)			
Occupancy	74.1%	67.4%	6.7ppt
Average net passing rent	HK\$18.1	HK\$26.1	- 30.7%

Village Road and Wanchai Gap Road serviced apartments continued to enjoy steady occupancy levels supported by leasing from long stay guests. Wanchai Gap Road was also supported by pickup in daily leisure and corporate business. Blue Pool Road remained closed in 2021, and reopened in January 2022 after an extensive renovation. Gross rental income fell 20.6% year-on-year to HK\$26.2 million in 2021, and net rental income decreased by 40.8% year-on-year to HK\$11.3 million.

## 6. 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, income from our investment in the Eaton Club's flexible workspace business and dividend income or distribution from our securities portfolio or other investments.

In the previous year's results, there was a provision of HK\$128.0 million for loss due to rental commitment of our wholly-owned Eaton Club's flexible workspace business. Excluding the effect of such provision, the operating income from other business operations rose by 20.6% to HK\$122.7 million principally due to improved performance of Eaton Club which had incurred a loss of HK\$2.0 million during the same period in 2020 when it expanded to new locations.

## ***U.S. FUND***

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. The progress of projects held by the U.S. Fund are as follows:

### ***The Austin, San Francisco and Cavalleri Malibu***

All residential units of The Austin, San Francisco were sold by the end of December 2020. The project generated only a small profit. As for the 68 rental apartment units in Cavalleri, Malibu, California, 61 leases were signed by the end of December 2021.

## **DEVELOPMENT PROJECTS**

### **Hong Kong and Mainland China**

#### ***Ho Man Tin residential development project***

This residential project has a gross floor area of 742,000 sq. ft. and comprises 990 apartments in 5 high-rise towers above Ho Man Tin MTR station under a Development Agreement with MTR Corporation Limited. The revised General Buildings Plan was approved by the Buildings Department in October 2021. The foundation works are nearing completion and the superstructure will be commenced in April 2022.

#### ***Dalian Mixed-use Development Project***

The Dalian project was sold to a third party in July 2019. As at the end of December 2021, the final sales proceeds from the sale of the project, representing 24% of the total proceeds remained outstanding. Appropriate legal actions including arbitration proceedings had been taken to pursue the outstanding as well as to impose preservation measures on certain assets of the buyer. The Group had already recouped its investment in the project and made prudence provision in prior years' results against this outstanding receipt.

### **Japan**

#### ***Tokyo Hotel Redevelopment Project***

The Group acquired a hotel redevelopment site situated in close proximity to the landmark Roppongi Hills Mid-town, Tokyo for JPY22.2 billion in 2016. Subsequently, the Group made further acquisitions of surrounding small adjoining parcels of land to increase the plot ratio delivering a total gross floor area of approximately 380,000 sq. ft.

World-renowned architect, Kengo Kuma & Associates has been commissioned to design this 270-keys flagship Langham Hotel. Planning application has been submitted to the local government, and the contractor tender process commenced in May 2019. However, as preliminary submissions received exceeded the budgeted amount, we have undertaken a comprehensive value engineering exercise in order to reduce construction costs to meet our target. The results are currently under review.

### **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 property can be converted to a hotel with a gross floor area of approximately 139,000 sq. ft. with 206 keys. A revised design was submitted in August 2018 to the City of San Francisco and was approved in September 2020. However, we currently do not intend to request a Public Hearing in order to secure entitlement approval as we have been unable to reach an acceptable agreement with the local union. Furthermore, construction costs are prohibitively high in San Francisco, so the project has been put on hold. Alternative exit strategies are also under consideration for this site.

### ***San Francisco Hotel Redevelopment Project, 555 Howard Street***

555 Howard Street is a redevelopment project located right across from 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 architectural firm Renzo Piano Building Workshop has been commissioned to design this prestigious project in collaboration with acclaimed California architect Mark Cavagnero Associates. Entitlement for a hotel scheme comprising 400 keys was submitted in December 2018 and the project was approved unanimously by the Planning Commission in September 2020 at a Public Hearing. The project now has three years to obtain an approved building permit. Unfortunately, the prevailing construction costs in San Francisco are prohibitively high and they do not support our required return on investment. The project has been put on hold. The Group is also considering other exit strategies.

### ***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. It has already secured approval for the development of a hotel. In order to enhance the financial attractiveness of the project, we are incorporating a residential component. We have retained world renowned architect, Kengo Kuma & Associates, to design this landmark mixed-use development. The Design Review Board responded favorably to our design in November 2021. Estimated construction costs are being refined. Entitlement is targeted by the end of 2022. We are closely monitoring Seattle construction costs as well as the sales market for luxury apartments.



Artistic rendering only

## **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 the restoration of historic structures and new build construction that will consist of 133 keys with a total gross floor area of approximately 170,000 sq. ft.

World-renowned architect Matteo Thun is designing the hotel. The project team has completed the schematic design and piling and ground works are scheduled to commence in early 2022. Completion of the project is planned for the third quarter of 2024.



Artistic rendering only

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.

## OUTLOOK

In the fourth quarter of 2021, the highly transmissible COVID-19 variant, Omicron, emerged and spread worldwide. New cases have yet to peak in many countries. Hong Kong also experienced a worrying turn after the Christmas holidays last year when the Omicron variant began to spread among the community, sparking a fifth wave of pandemic. To make things worse, the Delta variant has also resurfaced recently. The city was not able to achieve critically high vaccination rate, and therefore the authorities have imposed tougher social-distancing measures. All these have severely impacted the local economy and cast uncertainty on the reopening of the border with the Mainland. The operation of our local hotels is expected to remain under pressure in the near future. Nevertheless, we have seen some recovery of our overseas hotel operations following the relaxation of travelling and quarantine restrictions by western countries, though such relaxations were subject to intermittent interruptions. Hopefully with increasing vaccination rates across over the world, development of new effective treatments, as well as the evolution of the virus to a milder form, we will see the meaningful recovery of the worldwide economy begin to start, though it seems there is still a long way to go. The Group is also mindful of the growing number of geopolitical risks and the continuation of tensions between the U.S. and China, and will therefore adopt necessary prudence in its operation and investment strategies.

While local commercial properties and offices are still under pressure, some stabilisation was previously observed although this is still far from a full recovery, particularly in light of the recent outburst of the new COVID-19 virus variant Omicron. The residential market has remained resilient which may support our sale of the remaining ONTOLO units, although this is expected to happen at a slower pace compared to the first sale in 2020 since larger and more expensive units are involved.

Given the continuation of the impact of COVID-19, we do not expect significant contribution of distribution income from LHI.

For Champion REIT, the REIT manager expects the economic environment to remain challenging with notable headwinds, which will pressure its rental income and distribution.

The Group will continue to navigate its businesses carefully amid these challenges and uncertainties. It will remain proactive, with necessary prudence, in looking for new investment opportunities that will provide sustainable benefits for the future. The Group is also exploring new and diversified income avenues in other investment fields on top of its existing property and hospitality sectors.

During the year, the Group also endeavoured to arrange various standby credit facilities at competitive pricings so as to provide additional funding capability and flexibility to its already strong balance sheet. Given the Group's strong financial and liquidity position, we are confident in our ability to tackle challenges and uncertainties, as well as to capitalise on opportunities that may arise.

## FINANCIAL REVIEW

### ***DEBT***

Based on statutory reporting principles and after consolidating the results of Champion REIT, LHI and the U.S. Fund, the consolidated net debts of the Group as of 31 December 2021 was HK\$27,280 million, an increase of HK\$5,451 million compared to that of 31 December 2020. The increase in net borrowings was mainly due to cash premium paid for a project in Ho Man Tin and a corresponding bank loan drawn for the project.

Equity Attributable to Shareholders, based on a professional valuation of the Group's investment properties as of 31 December 2021 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK\$61,449 million, representing an increase of HK\$2,638 million compared to the value of HK\$58,811 million as of 31 December 2020. The increase was mainly attributable to a valuation surplus from investment in LCID.US offset by valuation loss of investment properties and distribution of dividends during the year.

Under statutory accounting principles, the entire debts of Champion REIT, LHI and the U.S. Fund were consolidated in aggregate. Based on the consolidated net debts attributable to the Group (i.e. only 67.76%, 69.39% 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 2021 was 34.0%. Since the debts of these three subsidiary groups had no recourse to the Group, we considered it was more meaningful to account for the Group's own net debts instead of attributable consolidated net debts against the Group's sharing of net assets of those subsidiaries, and the resulting net position is illustrated below.

Net debts at 31 December 2021	On consolidated basis <i>HK\$ million</i>	On core balance sheet basis <i>HK\$ million</i>
Great Eagle	7,213	7,213
Champion REIT	13,765	-
LHI	6,138	-
U.S. Fund	164	-
Net debts	27,280	7,213

Net debts attributable to Shareholders of the Group	20,881	7,213
Equity attributable to Shareholders of the Group	61,449	68,810
Net gearing ratio <sup>^</sup>	34.0%	10.5%

<sup>^</sup> *Net debts attributable to Shareholders of the Group / Equity attributable to Shareholders of the Group*

Net gearing ratio only took into account cash or cash equivalents. However, because of the persistent low interest rate environment and in order to enhance return to shareholders, the Group has been prudently investing in quality short-term bonds that are intended to be held to maturity, principal protected notes with reputable banks and financial institutions as counter-parties and selected quality equities. As at 31 December 2021, the market value of these bonds and notes amounted to HK\$302 million and invested securities amounted to HK\$4,721 million which included LCID.US shares worth HK\$4,002 million. Should these amounts be taken into account, the consolidated net borrowings and gearing ratio would be reduced to HK\$15,858 million and 25.8% respectively. The net debt based on sharing of net assets of Champion REIT, LHI and U.S. Fund would correspondingly decreased to HK\$2,190 million and 3.2%.

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

### ***INDEBTEDNESS***

Our gross debts (including medium term notes and other borrowings) after consolidating Champion REIT, LHI and the U.S. Fund amounted to HK\$33,502 million as of 31 December 2021. Bank borrowings amounting to HK\$14,265 million were secured by way of legal charges over a number of the Group's assets and business undertakings.

<b>Outstanding gross debts <sup>(1)(2)</sup></b>	<b>Floating rate debts</b>	<b>Fixed rate debts</b>	<b>Utilised facilities</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Bank borrowings	<b>16,801</b>	<b>8,787 <sup>(5)</sup></b>	<b>25,588 <sup>(3)</sup></b>
Medium term notes	<b>643</b>	<b>7,053 <sup>(4)</sup></b>	<b>7,696</b>
Other borrowings	-	<b>218</b>	<b>218 <sup>(3)</sup></b>
<b>Total</b>	<b>17,444</b>	<b>16,058</b>	<b>33,502</b>
<b>%</b>	<b>52.1%</b>	<b>47.9%</b>	<b>100%</b>

(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\$5,610 million bank borrowings and HK\$218 million other borrowings were originally denominated in other currencies.

(4) Equivalence of HK\$5,353 million were US dollars notes.

(5) Included floating rate debts which had been swapped to fixed rate debts. As at 31 December 2021, the Group had outstanding interest rate swap contracts of a notional amount of HK\$7,026 million to manage interest rate exposure. The Group also entered into cross currency swaps of a notional amount equivalent to HK\$1,746 million in total to mitigate exposure to fluctuations in exchange rate and interest rates in Japanese YEN.

### ***LIQUIDITY AND DEBT MATURITY PROFILE***

As of 31 December 2021, our cash, bank deposits and undrawn loan facilities amounted to a total of HK\$15,178 million. The majority of our loan facilities were secured by properties with sufficient loan-to-value coverage. The following is a profile of the maturity of our outstanding gross debts (including medium term notes and other borrowings) as of 31 December 2021:

Within 1 year	21.5%
More than 1 year but not exceeding 2 years	29.7%
More than 2 years but not exceeding 5 years	41.0%
More than 5 years	7.8%

### ***FINANCE COST***

The net consolidated finance cost during the year was HK\$775 million of which HK\$232 million was capitalised to property development projects. Overall net interest cover at the reporting date was 3.8 times.

### ***PLEDGE OF ASSETS***

At 31 December 2021, properties of the Group with a total book carrying value of approximately HK\$20,495 million (31 December 2020: HK\$33,578 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

### ***COMMITMENTS AND CONTINGENT LIABILITIES***

At 31 December 2021, the Group had authorised capital expenditure for investment properties and property, plant and equipment which was not provided for in these consolidated financial statements amounting to HK\$9,222 million (31 December 2020: HK\$9,410 million) of which HK\$723 million (31 December 2020: HK\$774 million) has been contracted for.

Subsequent to the financial reporting date, the group completed the acquisition of two shops in Tak Woo House with a gross floor area 1,500 sq. ft. at consideration of HK\$183 million. The acquisition was completed on 12 January 2022.

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

## FINAL DIVIDEND AND SPECIAL FINAL DIVIDEND

In view of the strong financial position of the Group and the valuation surplus of the investment in 13.4 million shares in U.S. listed electric vehicle company Lucid (US stock code: LCID.US), the Board recommends the payment of a final dividend of HK50 cents per share (2020: HK50 cents per share) and a special final dividend of HK50 cents per share (2020: HK50 cents per share) for the year ended 31 December 2021 to the Shareholders subject to the approval of the Shareholders at the forthcoming 2022 Annual General Meeting (the “**2022 AGM**”).

Taken together with the interim dividend of HK33 cents per share paid on 13 October 2021, the total dividend for the year 2021 is HK\$1.33 per share (2020 total dividend: HK\$2.83 per share, comprising an interim dividend of HK33 cents, a special interim dividend of HK\$1.50, a final dividend of HK50 cents and a special final dividend of HK50 cents).

Shareholders will be given the option to receive the proposed 2021 final dividend of HK50 cents per share in new shares in lieu of cash (the “**Scrip Dividend Arrangement**”) and the proposed special final dividend of HK50 cents per share will be paid in the form of cash. The Scrip Dividend Arrangement is subject to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

A circular containing details of the Scrip Dividend Arrangement will be despatched to the Shareholders together with the form of election for scrip dividend in May 2022. Dividend warrants and share certificates in respect of the proposed 2021 final dividend and special final dividend are expected to be despatched on 21 June 2022 to the Shareholders whose names appear on the Registers of Members of the Company (the “**Registers of Members**”) on Wednesday, 18 May 2022.

## CLOSURE OF REGISTERS OF MEMBERS

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

- (i) To attend and vote at the 2022 AGM

For the purpose of ascertaining the Shareholders’ entitlement to attend and vote at the 2022 AGM, the Registers of Members will be closed from Thursday, 28 April 2022 to Thursday, 5 May 2022, both days inclusive.

In order to be eligible to attend and vote at the 2022 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (the “**Branch Share Registrar**”) of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 April 2022.

- (ii) To qualify for the proposed 2021 final dividend and special final dividend

For the purpose of ascertaining the Shareholders’ entitlement to the proposed 2021 final dividend and special final dividend, the Registers of Members will be closed from Friday, 13 May 2022 to Wednesday, 18 May 2022, both days inclusive.

In order to qualify for the proposed 2021 final dividend and special final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Branch Share Registrar for registration not later than 4:30 p.m. on Thursday, 12 May 2022.

## ANNUAL GENERAL MEETING AND ANNUAL REPORT

The 2022 AGM of the Company will be held on Thursday, 5 May 2022. The notice of 2022 AGM together with the 2021 Annual Report and all other relevant documents (the “**Documents**”) will be despatched to the Shareholders before the end of March 2022. The Documents will also be published on the Company’s website at [www.GreatEagle.com.hk](http://www.GreatEagle.com.hk) and the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk).

## GOVERNANCE AND COMPLIANCE

The Company is committed to maintaining and developing high standards of corporate governance practices designed to enhance the Company’s image, boost Shareholders’ confidence, minimise risk of fraudulent practices and ultimately serve the long-term interests of our Shareholders. Furthermore, we integrate social and environmental concerns into our business operations. Our commitment to this concept is steadfast as we believe that sustainability could create long-term value for our stakeholders and improve the quality of life in our workplace, the local community as well as the world at large.

### *CORPORATE GOVERNANCE POLICIES AND PRACTICES*

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 needs of the Company to underpin our engrained value of integrity and accountability. During the year, the Company has complied with most of the code provisions and where appropriate, adopted some of the recommended best practices as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Set out below are 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 also holds 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 practiced by the Company for decades and has withstood the test of time. The Board considers this arrangement to be appropriate for the Company as it preserves the consistent leadership culture of the Company and allows for the 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, comprised of experienced and high caliber individuals, including five Independent Non-executive Directors and three Non-executive Directors who offer advices and viewpoints from different perspectives. Meanwhile, the day-to-day management and operation of the Group are delegated to divisional management under the leadership and supervision of Dr. Lo in the role of Managing Director, and who is supported by the Executive Directors and Senior Management.

#### **CG Code Provision A.4.1 requires that Non-executive Directors should be appointed for a specific term, subject to re-election**

While the Bye-laws of the Company (the “**Bye-laws**”) require 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.

Following the amendments to the CG Code which took effect on 1 January 2022, Non-executive Directors are no longer required to be appointed for a specific term.

**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 of the legal costs and procedures involved, the Board considers that it is not desirable to propose any amendment to The Great Eagle Holdings Limited Company Act, 1990 for the sole purpose of subjecting the Executive Chairman and Managing Director of the Company to retirement by rotation. Dr. Lo Ka Shui is the Executive Chairman and Managing Director of the Company. There is no service contract between the Company and Dr. Lo Ka Shui, and he is not appointed for any specified length, or proposed length, of services with the Company. Notwithstanding that Dr. Lo is not subject to retirement by rotation, he will disclose his biographical details in accordance with Rule 13.74 of the Listing Rules in the circular to the Shareholders in relation to, among other things, the re-election of retiring Directors, for Shareholders' information.

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

Madam Lo To Lee Kwan, a Non-executive Director of the Company, is the co-founder of the Group. She was involved in the early stages of development of the Group. Since she is relatively inactive in the Group's business in recent years, she has not participated in the 2021 Director Development Programme 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 would be 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 maintaining the equilibrium between transparency and privacy.

***EMPLOYMENT AND LABOUR PRACTICES***

As at 31 December 2021, the number of employees of the Group, including our head office management team, and frontline hotel and property management and operation colleagues, increased approximately 8.36% to 5,200 (2020: 4,799). The increase was mainly attributable to the increase in business demand from the returning of hotel business in countries affected by COVID-19 in 2020. Staff costs (including Directors' emoluments) for the year ended 31 December 2021 amounted to HK\$1,895.0 million (2020: HK\$1,746.9 million). Salary levels of employees are competitive and discretionary bonuses are granted based on the 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. Apart from offering a competitive compensation and benefits package, we provide corporate and vocational training to our colleagues according to the training and development policy of the Group.

## ***COMPLIANCE WITH THE MODEL CODE***

The Company has adopted its own Code of Conduct regarding Securities Transactions by Directors and Relevant Employees of the Company (the “**Code of Conduct for Securities Transactions**”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules and the same is updated from time to time in accordance with the Listing Rules requirements.

Having made specific enquiries, 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 2021.

## ***AUDIT COMMITTEE***

The final results of the Company for the year ended 31 December 2021 have been reviewed by the Audit Committee of the Company.

## ***SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU***

Due to the spread of COVID-19, the progress of audit work has been adversely affected.

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

## ***NEW SHARES ISSUED***

As at 31 December 2021, the total number of issued shares of the Company was 731,040,412. On 21 June 2021, 10,247,300 new shares were issued at the price of HK\$25.32 per share pursuant to the Scrip Dividend Arrangement in respect of the 2020 final dividend. Details of the Scrip Dividend Arrangement were set out in the announcement published by the Company on 18 May 2021 and the circular to the Shareholders dated 24 May 2021 respectively.

## ***PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SECURITIES***

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities.

## ***PUBLIC FLOAT***

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

## **BOARD OF DIRECTORS**

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

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

Hong Kong, 25 February 2022

**CONSOLIDATED INCOME STATEMENT**  
FOR THE YEAR ENDED 31 DECEMBER 2021

	<u>NOTES</u>	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Revenue	4	7,830,429	10,305,287
Cost of goods and services		<u>(4,633,598)</u>	<u>(6,348,396)</u>
Operating profit before depreciation		3,196,831	3,956,891
Depreciation		<u>(849,367)</u>	<u>(831,868)</u>
Operating profit		2,347,464	3,125,023
Fair value changes on investment properties		<u>(2,178,596)</u>	<u>(14,252,703)</u>
Fair value changes on derivative financial instruments		290,780	(194,050)
Fair value changes on financial assets at fair value through profit or loss		(47,172)	40,908
Other income	6	344,948	534,387
Administrative and other expenses		<u>(446,598)</u>	<u>(489,189)</u>
Allowance for credit losses on notes receivables and interest receivables		<u>(108,396)</u>	-
Impairment loss on property, plant and equipment		-	(347,898)
Finance costs	7	<u>(705,271)</u>	<u>(802,927)</u>
Share of results of joint ventures		13,742	(16,972)
Share of results of associates		<u>6,100</u>	<u>5,147</u>
Loss before tax		<u>(482,999)</u>	<u>(12,398,274)</u>
Income taxes	8	<u>(309,019)</u>	<u>(403,811)</u>
Loss for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	9	<u>(792,018)</u>	<u>(12,802,085)</u>
Loss for the year attributable to:			
Owners of the Company		<u>(499,034)</u>	<u>(8,540,252)</u>
Non-controlling interests		<u>(21,936)</u>	<u>(113,487)</u>
		<u>(520,970)</u>	<u>(8,653,739)</u>
Non-controlling unitholders of Champion REIT		<u>(271,048)</u>	<u>(4,148,346)</u>
		<u>(792,018)</u>	<u>(12,802,085)</u>
Loss per share:	11		
Basic		<u>(HK\$0.69)</u>	<u>(HK\$11.94)</u>
Diluted		<u>(HK\$0.69)</u>	<u>(HK\$11.94)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2021

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Loss for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	<u>(792,018)</u>	<u>(12,802,085)</u>
<b>Other comprehensive income (expense):</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value gain (loss) on equity instruments at fair value through other comprehensive income	<b>3,805,143</b>	(23,267)
Share of other comprehensive income (expense) of an associate	<b>3,303</b>	(5,206)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>(170,681)</b>	348,719
Cash flow hedges:		
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedges	<b>47,586</b>	(212,655)
Reclassification of fair value adjustments to profit or loss	<b>36,956</b>	43,724
Other comprehensive income for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	<u><b>3,722,307</b></u>	<u>151,315</u>
Total comprehensive income (expense) for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	<u><b>2,930,289</b></u>	<u>(12,650,770)</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	<b>3,172,163</b>	(8,341,484)
Non-controlling interests	<b>(20,255)</b>	(112,003)
	<b>3,151,908</b>	(8,453,487)
Non-controlling unitholders of Champion REIT	<b>(221,619)</b>	(4,197,283)
	<u><b>2,930,289</b></u>	<u>(12,650,770)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2021**

	<u>NOTES</u>	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
<b>Non-current assets</b>			
Investment properties		71,063,934	73,111,626
Property, plant and equipment		21,356,674	21,565,777
Interests in joint ventures		337,743	94,767
Interests in associates		56,394	53,268
Equity instruments at fair value through other comprehensive income		5,195,583	1,065,589
Notes and loan receivables		600,152	995,203
Derivative financial instruments		15,732	-
Deposit for hotel renovation and acquisition of an investment property		31,087	-
		<u>98,657,299</u>	<u>96,886,230</u>
<b>Current assets</b>			
Stock of properties		12,589,462	3,430,283
Inventories		137,918	105,886
Debtors, deposits and prepayments	12	793,752	734,060
Notes and loan receivables		41,699	2,318,802
Financial assets at fair value through profit or loss		732,251	463,846
Derivative financial instruments		53,504	20,954
Tax recoverable		23,315	78,189
Restricted cash		102,889	171,745
Time deposits with original maturity over three months		-	191,485
Bank balances and cash		6,119,146	7,378,111
		<u>20,593,936</u>	<u>14,893,361</u>
<b>Current liabilities</b>			
Creditors, deposits and accruals	13	7,194,736	5,035,056
Derivative financial instruments		5,641	49,980
Provision for taxation		529,863	459,097
Distribution payable		207,033	246,761
Borrowings due within one year		6,542,795	4,659,429
Medium term notes		643,000	-
Lease liabilities		11,121	9,267
		<u>15,134,189</u>	<u>10,459,590</u>
<b>Net current assets</b>		<u>5,459,747</u>	<u>4,433,771</u>
<b>Total assets less current liabilities</b>		<u>104,117,046</u>	<u>101,320,001</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2021**

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
<b>Non-current liabilities</b>		
Derivative financial instruments	90,065	394,657
Borrowings due after one year	19,174,451	17,147,860
Medium term notes	7,006,560	7,608,548
Deferred taxation	1,219,012	1,282,957
Lease liabilities	11,127	11,114
	<u>27,501,215</u>	<u>26,445,136</u>
<b>NET ASSETS</b>	<u><b>76,615,831</b></u>	<u><b>74,874,865</b></u>
Equity attributable to:		
Owners of the Company		
Share capital	365,520	359,960
Share premium and reserves	61,083,140	58,451,432
	<u>61,448,660</u>	<u>58,811,392</u>
Non-controlling interests	(618,377)	(607,648)
	<u>60,830,283</u>	<u>58,203,744</u>
Net assets attributable to non-controlling unitholders of Champion REIT	<u>15,785,548</u>	<u>16,671,121</u>
	<u><b>76,615,831</b></u>	<u><b>74,874,865</b></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

### 1. GENERAL INFORMATION

Great Eagle Holdings Limited (the "Company") is a company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding.

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

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

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

#### *Amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, Great Eagle Holdings Limited and its subsidiaries (collectively referred to as the "Group") has applied the following amendments to HKFRSs issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

Except as described below, the application of the amendments to HKFRSs in the current year 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.

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements on applying HKFRS 7 "*Financial Instruments: Disclosures*".

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

### *Amendments to HKFRSs that are mandatorily effective for the current year* - continued

As at 1 January 2021, the Group has several derivative financial instruments, bank borrowings and medium term notes, the interests of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

During the year, some of the Group's London Interbank Offered Rate bank borrowings have been transitioned to Sterling Over Night Index Average. Such transitions have had no material impact on the consolidated financial statements as the Group has applied the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank borrowings measured at amortised cost.

### *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 and the related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

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

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

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

The 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.

### 4. REVENUE

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

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Hotel income	2,816,730	1,799,294
Rental income from investment properties	2,581,484	2,717,328
Building management service income	289,296	305,578
Sales of properties	1,821,021	5,178,149
Sales of goods	125,942	104,660
Dividend income	15,461	8,228
Others	180,495	192,050
	<u>7,830,429</u>	<u>10,305,287</u>

### 5. SEGMENT INFORMATION

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

## 5. SEGMENT INFORMATION - continued

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, rental income and related expenses of the properties owned by the US Real Estate Fund.

Segment results of Champion REIT represent the published net property income less manager's fee. Segment results of Langham represent revenue less property related expenses and services fees. Segment results of US Real Estate Fund represent revenue less fund related expenses. Segment results of other operating segments represent the results of each segment without including any effect of allocation of interest income from bank balances and cash centrally managed, central administration costs, Directors' salaries, share of results of joint ventures, share of results of associates, depreciation, fair value changes on investment properties, derivative financial instruments and financial assets at fair value through profit or loss ("FVTPL"), other income, finance costs and income taxes. The hotel operation segment result has been arrived at after reversing intra-group HKFRS 16 "*Leases*" impact for its role as a lessee to the three hotel properties owned by Langham. This is the measurement basis reported to the CODM for the purposes of resource allocation and performance assessment.

## 5. 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

#### 2021

	Hotel operation	Property investment	Property development	Other operations	Sub-total	Champion REIT	Langham	US Real Estate Fund	Eliminations/ reclassification	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE										
External revenue	2,814,748	143,433	1,801,960	319,927	5,080,068	2,693,556	1,982	52,852	1,971	7,830,429
Inter-segment revenue	20,550	1,393	-	369,237	391,180	75,657	222,370	-	(689,207)	-
Total	<u>2,835,298</u>	<u>144,826</u>	<u>1,801,960</u>	<u>689,164</u>	<u>5,471,248</u>	<u>2,769,213</u>	<u>224,352</u>	<u>52,852</u>	<u>(687,236)</u>	<u>7,830,429</u>

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	(105,412)	98,122	815,647	488,085	1,296,442	1,932,986	203,615	12,622	(75,348)	3,370,317
Depreciation					(637,148)	-	(224,675)	(360)	12,816	(849,367)
Operating profit (loss) after depreciation					659,294	1,932,986	(21,060)	12,262	(62,532)	2,520,950
Fair value changes on investment properties					(94,368)	(2,079,354)	-	(5,874)	1,000	(2,178,596)
Fair value changes on derivative financial instruments					228,810	-	61,970	-	-	290,780
Fair value changes on financial assets at FVTPL					(47,172)	-	-	-	-	(47,172)
Other income					9,276	-	1,218	329	(2,117)	8,706
Administrative and other expenses					(413,866)	(23,892)	(11,890)	(3,986)	7,036	(446,598)
Allowance for credit losses on notes receivables and interest receivables					(32,247)	(76,149)	-	-	-	(108,396)
Net finance costs					(80,715)	(351,289)	(114,892)	(1,817)	6,198	(542,515)
Share of results of joint ventures					(8,572)	22,314	-	-	-	13,742
Share of results of associates					6,100	-	-	-	-	6,100
Loss before tax					226,540	(575,384)	(84,654)	914	(50,415)	(482,999)
Income taxes					(65,173)	(255,981)	10,408	-	1,727	(309,019)
Loss for the year					161,367	(831,365)	(74,246)	914	(48,688)	(792,018)
Less: Loss attributable to non-controlling interests/non-controlling unitholders of Champion REIT					(368)	271,048	22,762	(458)	-	292,984
Loss attributable to owners of the Company					<u>160,999</u>	<u>(560,317)</u>	<u>(51,484)</u>	<u>456</u>	<u>(48,688)</u>	<u>(499,034)</u>

## 5. SEGMENT INFORMATION - continued

### Segment revenue and results - continued

2020

	Hotel operation HK\$'000	Property investment HK\$'000	Property development HK\$'000	Other operations HK\$'000	Sub-total HK\$'000	Champion REIT HK\$'000	Langham HK\$'000	US Real Estate Fund HK\$'000	Eliminations/ reclassification HK\$'000	Consolidated HK\$'000
REVENUE										
External revenue	1,799,294	181,936	5,107,869	304,292	7,393,391	2,825,029	1,915	84,306	646	10,305,287
Inter-segment revenue	15,893	1,373	-	378,240	395,506	95,291	206,341	-	(697,138)	-
Total	<u>1,815,187</u>	<u>183,309</u>	<u>5,107,869</u>	<u>682,532</u>	<u>7,788,897</u>	<u>2,920,320</u>	<u>208,256</u>	<u>84,306</u>	<u>(696,492)</u>	<u>10,305,287</u>

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	(625,774)	134,533	2,055,379	351,600	1,915,738	2,065,451	179,887	(15)	40,467	4,201,528
Depreciation					(664,818)	-	(229,259)	(358)	62,567	(831,868)
Operating profit (loss) after depreciation					1,250,920	2,065,451	(49,372)	(373)	103,034	3,369,660
Fair value changes on investment properties					(406,544)	(13,847,194)	-	(4,665)	5,700	(14,252,703)
Fair value changes on derivative financial instruments					(103,619)	(70)	(90,361)	-	-	(194,050)
Fair value changes on financial assets at FVTPL					40,908	-	-	-	-	40,908
Other income					43,672	2,158	1,441	58	(2,800)	44,529
Administrative and other expenses					(443,816)	(24,939)	(19,527)	(4,192)	3,285	(489,189)
Impairment loss on property, plant and equipment					(347,898)	-	-	-	-	(347,898)
Net finance costs					32,809	(421,605)	(174,063)	(3,906)	9,059	(557,706)
Share of results of joint ventures					(16,972)	-	-	-	-	(16,972)
Share of results of associates					5,147	-	-	-	-	5,147
Loss before tax					54,607	(12,226,199)	(331,882)	(13,078)	118,278	(12,398,274)
Income taxes					(157,805)	(270,890)	23,157	-	1,727	(403,811)
Loss for the year					(103,198)	(12,497,089)	(308,725)	(13,078)	120,005	(12,802,085)
Less: Loss attributable to non-controlling interests/non-controlling unitholders of Champion REIT					(1,047)	4,148,346	107,991	6,543	-	4,261,833
Loss attributable to owners of the Company					<u>(104,245)</u>	<u>(8,348,743)</u>	<u>(200,734)</u>	<u>(6,535)</u>	<u>120,005</u>	<u>(8,540,252)</u>

## 6. OTHER INCOME

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Interest income on:		
Bank deposits	<b>25,170</b>	149,358
Financial assets at FVTPL	<b>21,088</b>	11,124
Notes receivable	<b>108,255</b>	61,091
Others	<b>8,243</b>	23,648
	<u>162,756</u>	245,221
Government subsidy	<b>173,480</b>	261,468
Gain on disposal of property, plant and equipment	<b>272</b>	-
Sundry income	<b>8,440</b>	11,801
Net exchange gain	<b>-</b>	15,897
	<u>344,948</u>	<u>534,387</u>

**7. FINANCE COSTS**

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Interest on bank and other borrowings	564,234	562,623
Interest on medium term notes	246,514	225,188
Interest on lease liabilities	718	1,043
Other borrowing costs	<u>125,946</u>	<u>56,775</u>
	937,412	845,629
Less: amount capitalised	<u>(232,141)</u>	<u>(42,702)</u>
	<u>705,271</u>	<u>802,927</u>

**8. INCOME TAXES**

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	404,885	592,455
Other jurisdictions	<u>8,841</u>	<u>2,203</u>
	<u>413,726</u>	<u>594,658</u>
Overprovision in prior years:		
Hong Kong Profits Tax	(2,924)	(2,897)
Other jurisdictions	<u>(38,562)</u>	<u>(6,785)</u>
	<u>(41,486)</u>	<u>(9,682)</u>
	<u>372,240</u>	<u>584,976</u>
Deferred tax:		
Current year	14,686	(165,436)
Overprovision in prior years	<u>(77,907)</u>	<u>(15,729)</u>
	<u>(63,221)</u>	<u>(181,165)</u>
	<u>309,019</u>	<u>403,811</u>

## 9. LOSS FOR THE YEAR

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Loss for the year has been arrived at after charging:		
Staff costs (including Directors' emoluments)	<b>1,895,035</b>	1,746,906
Share-based payments (including Directors' emoluments)	<b>19,373</b>	13,308
	<b>1,914,408</b>	1,760,214
Depreciation	<b>849,367</b>	831,868
Auditor's remuneration	<b>16,225</b>	15,331
Trustee's remuneration	<b>10,131</b>	12,852
Cost of inventories recognised as an expense	<b>1,352,495</b>	3,267,544
Net exchange loss (included in administrative and other expenses)	<b>1,058</b>	-
Fitting-out works of hotel buildings written off	-	700
Allowance for doubtful debts	<b>5,617</b>	1,608
Share of tax of associates (included in the share of results of associates)	<b>43</b>	11
Share of tax of a joint venture (included in the share of results of joint ventures)	<b>3,015</b>	-
and after crediting:		
Gain on disposal of property, plant and equipment (included in other income)	<b>272</b>	-
Net exchange gain (included in other income)	-	15,897
Dividend income from		
- equity instruments at fair value through other comprehensive income	<b>10,173</b>	4,657
- financial assets at FVTPL	<b>5,288</b>	3,571
Rental income from investment properties less related outgoings of HK\$256,226,000 (2020: HK\$243,731,000)	<b>2,325,258</b>	2,473,597

## 10. DIVIDENDS

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Dividends paid:		
- Final dividend of HK50 cents in respect of the financial year ended 31 December 2020 (2020: HK50 cents in respect of the financial year ended 31 December 2019) per ordinary share	<b>360,396</b>	354,190
- Special final dividend of HK50 cents in respect of the financial year ended 31 December 2020 (2020: HK50 cents in respect of the financial year ended 31 December 2019) per ordinary share	<b>360,396</b>	354,191
	<u><b>720,792</b></u>	<u>708,381</u>
- Interim dividend of HK33 cents in respect of the financial year ended 31 December 2021 (2020: HK33 cents in respect of the financial year ended 31 December 2020) per ordinary share	<b>241,243</b>	237,574
- Special interim dividend of HK\$1.5 in respect of the financial year ended 31 December 2020	<b>-</b>	1,079,880
	<u><b>241,243</b></u>	<u>1,317,454</u>
	<u><b>962,035</b></u>	<u>2,025,835</u>

On 21 June 2021, a final dividend of HK50 cents per ordinary share, which included scrip dividend alternatives offered to shareholders, and a special final dividend of HK50 cents per ordinary share were paid to shareholders as the final dividend in respect of the financial year ended 31 December 2020.

On 17 June 2020, a final dividend of HK50 cents per ordinary share, which included scrip dividend alternatives offered to shareholders, and a special final dividend of HK50 cents per ordinary share were paid to shareholders as the final dividend in respect of the financial year ended 31 December 2019.

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

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Dividends:		
Cash	<b>100,934</b>	119,737
Share alternative	<b>259,462</b>	234,453
	<u><b>360,396</b></u>	<u>354,190</u>

**10. DIVIDENDS - continued**

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Dividends proposed:		
- Proposed final dividend of HK50 cents in respect of the financial year ended 31 December 2021 (2020: HK50 cents in respect of the financial year ended 31 December 2020) per ordinary share	365,520	359,960
- Proposed special final dividend of HK50 cents in respect of the financial year ended 31 December 2021 (2020: HK50 cents in respect of the financial year ended 31 December 2020) per ordinary share	365,520	359,960
	<u>731,040</u>	<u>719,920</u>

The proposed final dividends in respect of the financial year ended 31 December 2021 is subject to approval by the shareholders in the forthcoming annual general meeting.

**11. LOSS PER SHARE**

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

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
<b>Loss</b>		
Loss for the purposes of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<u>(499,034)</u>	<u>(8,540,252)</u>
	<u>2021</u>	<u>2020</u>
<b>Number of shares</b>		
Weighted average number of shares for the purpose of basic and diluted loss per share	<u>726,045,117</u>	<u>714,970,724</u>

For the year ended 31 December 2021 and 2020, the diluted loss per share was the same as the basic loss per share as the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options because it will otherwise result in a decrease in loss per share.

**12. DEBTORS, DEPOSITS AND PREPAYMENTS**

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Trade debtors, net of allowance for doubtful debts	176,643	114,923
Deferred lease receivables	147,349	169,381
Retention money receivables	8,042	11,079
Other receivables, net of credit losses on interest receivables	216,993	188,875
Deposits and prepayments	<u>244,725</u>	<u>249,802</u>
	<u>793,752</u>	<u>734,060</u>

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

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Within 3 months	115,789	72,033
More than 3 months but within 6 months	19,142	20,955
Over 6 months	<u>41,712</u>	<u>21,935</u>
	<u>176,643</u>	<u>114,923</u>

**13. CREDITORS, DEPOSITS AND ACCRUALS**

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Trade creditors	398,685	203,987
Deposits received	776,500	789,414
Customer deposits and other deferred revenue	418,706	451,150
Construction fee payable and retention money payable	762,991	850,484
Accruals, interest payable and other payables	<u>4,837,854</u>	<u>2,740,021</u>
	<u>7,194,736</u>	<u>5,035,056</u>

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

	<u>2021</u> HK\$'000	<u>2020</u> HK\$'000
Within 3 months	382,361	188,423
More than 3 months but within 6 months	2,143	2,280
Over 6 months	<u>14,181</u>	<u>13,284</u>
	<u>398,685</u>	<u>203,987</u>