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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)

## 2022 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the “**Board**”) of Great Eagle Holdings Limited (the “**Company**”) announces the consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 as follows:

	Year ended 31 December		Change
	2022 HK\$ million	2021 HK\$ million	
<b>Key Financials on Income Statement</b>			
<b>Based on core business <sup>1</sup></b>			
Revenue based on core business	6,536.3	5,696.9	+14.7%
Core profit after tax attributable to equity holders	1,402.6	1,360.6	+3.1%
Core profit after tax attributable to equity holders (per share)	HK\$1.90	HK\$1.87	
<b>Based on statutory accounting principles <sup>2</sup></b>			
Revenue based on statutory accounting principles	8,884.8	7,830.4	+13.5%
Statutory loss attributable to equity holders	(181.4)	(499.0)	-63.6%
Interim dividend (per share)	HK\$0.33	HK\$0.33	
Final dividend (per share)	HK\$0.50	HK\$0.50	
Special final dividend (per share)	-	HK\$0.50	
Total dividend (per share)	HK\$0.83	HK\$1.33	

<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 2022</b>	<b>June 2022</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	11.1%	10.9%
Book value (per share)	HK\$86.3	HK\$88.7
<b>Based on statutory accounting principles <sup>2</sup></b>		
Net gearing <sup>3</sup>	36.9%	36.4%
Book value (per share)	HK\$76.0	HK\$78.3

<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 owned a 68.28%, 69.70% and 49.97% equity stakes in Champion REIT, LHI and the U.S. Fund respectively as at the end of December 2022.

<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
	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>	
<b>Revenue from core business</b>			
Revenue from property sales	920.0	1,802.0	-48.9%
Hotels Division	3,929.1	2,085.7	+88.4%
Management fee income from Champion REIT	333.4	365.4	-8.8%
Distribution income from Champion REIT <sup>^</sup>	796.8	914.6	-12.9%
Distribution income from LHI <sup>^</sup>	66.2	60.7	+9.1%
Gross rental income	151.1	144.8	+4.4%
Other operations	339.7	323.7	+4.9%
<b>Total revenue</b>	<b>6,536.3</b>	<b>5,696.9</b>	<b>+14.7%</b>
Income from property sales	457.3	815.6	-43.9%
Hotels EBITDA	615.9	(105.4)	n.m.
Management fee income from Champion REIT	333.4	365.4	-8.8%
Distribution income from Champion REIT <sup>^</sup>	796.8	914.6	-12.9%
Distribution income from LHI <sup>^</sup>	66.2	60.7	+9.1%
Net rental income	97.1	98.1	-1.0%
Operating income from other operations	196.7	122.7	+60.3%
<b>Operating income from core business</b>	<b>2,563.4</b>	<b>2,271.7</b>	<b>+12.8%</b>
Depreciation	(347.1)	(332.0)	+4.5%
Administrative, selling and other expenses	(500.3)	(437.7)	+14.3%
Other income	13.6	9.3	+46.2%
Interest income	67.2	78.8	-14.7%
Finance costs	(238.7)	(159.5)	+49.7%
Share of results of joint ventures	(0.7)	(8.6)	-91.9%
Share of results of associates	17.1	6.1	+180.3%
<b>Core profit before tax</b>	<b>1,574.5</b>	<b>1,428.1</b>	<b>+10.3%</b>
Income taxes	(171.0)	(67.1)	+154.8%
<b>Core profit after tax</b>	<b>1,403.5</b>	<b>1,361.0</b>	<b>+3.1%</b>
Non-controlling interest	(0.9)	(0.4)	+125.0%
<b>Core profit attributable to equity holders</b>	<b>1,402.6</b>	<b>1,360.6</b>	<b>+3.1%</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 operating segments:

**31 December 2022**

	<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>43,282</b>	<b>17,356</b>	<b>25,926</b>
<b>Champion REIT</b>	<b>44,539</b>	<b>11,926</b>	<b>32,613</b>
<b>LHI</b>	<b>10,471</b>	<b>4,783</b>	<b>5,688</b>
<b>U.S. Fund</b>	<b>435</b>	<b>158</b>	<b>277</b>
	<b>98,727</b>	<b>34,223</b>	<b>64,504</b>

**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>
Great Eagle operations	47,069	17,555	29,514
Champion REIT	45,991	12,379	33,612
LHI	10,139	4,727	5,412
U.S. Fund	426	154	272
	103,625	34,815	68,810

**Financial Figures based on statutory accounting principles**

	Year ended 31 December		
	2022	2021	
	<i>HK\$ million</i>	<i>HK\$ million</i>	Change
<b>Revenue based on statutory accounting principles</b>			
Revenue from property sales	920.0	1,802.0	-48.9%
Hotels Division	4,872.8	2,835.3	+71.9%
Gross rental income	151.1	144.8	+4.4%
Other operations (including management fee income from Champion REIT)	673.1	689.2	-2.3%
Gross rental income - Champion REIT	2,625.3	2,769.2	-5.2%
Gross rental income - LHI	375.9	224.3	+67.6%
Gross revenue - U.S. Fund	41.1	52.8	-22.2%
Elimination on intragroup transactions	(774.5)	(687.2)	+12.7%
<b>Consolidated total revenue</b>	<b>8,884.8</b>	<b>7,830.4</b>	<b>+13.5%</b>
Income from property sales	457.3	815.6	-43.9%
Hotels EBITDA	615.9	(105.4)	n.m.
Net rental income	97.1	98.1	-1.0%
Operating income from other operations (including management fee income from Champion REIT)	530.1	488.1	+8.6%
Net rental income - Champion REIT	1,788.1	1,933.0	-7.5%
Net rental income - LHI	313.8	203.6	+54.1%
Net operating income - U.S. Fund	17.9	12.6	+42.1%
Elimination on intragroup transactions	(113.5)	(75.3)	+50.7%
<b>Consolidated segment results</b>	<b>3,706.7</b>	<b>3,370.3</b>	<b>+10.0%</b>
Depreciation	(885.6)	(849.4)	+4.3%
Fair value changes on investment properties	(1,923.1)	(2,178.6)	-11.7%
Fair value changes on derivative financial instruments	351.7	290.8	+20.9%
Fair value changes on financial assets at fair value through profit or loss	(122.9)	(47.2)	+160.4%
Administrative, selling and other expenses	(530.0)	(446.6)	+18.7%
Allowance for credit losses on notes receivables and interest receivables	(61.2)	(108.4)	-43.5%
Reversal of impairment loss on a hotel property	274.1	-	n/a
Other income (including interest income)	105.6	171.6	-38.5%
Finance costs	(829.9)	(705.3)	+17.7%
Share of results of joint ventures	(43.2)	13.7	n.m.
Share of results of associates	17.1	6.1	+180.3%
<b>Statutory profit / (loss) before tax</b>	<b>59.3</b>	<b>(483.0)</b>	<b>n.m.</b>
Income taxes	(470.1)	(309.0)	+52.1%
<b>Statutory loss after tax</b>	<b>(410.8)</b>	<b>(792.0)</b>	<b>-48.1%</b>
Non-controlling interest	(7.3)	22.0	n.m.
Non-controlling unitholders of Champion REIT	236.7	271.0	-12.7%
<b>Statutory loss attributable to equity holders</b>	<b>(181.4)</b>	<b>(499.0)</b>	<b>-63.6%</b>

## OVERVIEW

2022 was a challenging year filled by uncertainties and complexities. On the one hand, signs of recovery began to emerge in Q2, 2022 following the gradual uplifting of travel restrictions by major western economies. Nevertheless, the pace of recovery was impeded by the energy crisis and high inflation partly arising from the outbreak of Russian-Ukraine War. Aggressive rate hikes limited the economic rebound, whilst correction of asset prices was seen worldwide. In the local context, Hong Kong started to gradually revive from the worst time following the containment of the virus and the gradual lifting of COVID-related restrictions, including the reopening of the border to overseas arrivals. The residential sales market remained slow as the still-shut border with mainland China had dampened demands, especially the higher-end market. The Group seized the opportunities presented by the slow market and continued to conduct value-added works to our hotels including a phased major refurbishment to the rooms at Chelsea Hotel, Toronto, as well as finalising the plan to build a new resort pool in Langham Pasadena. In Hong Kong, the Group also launched a new midscale hotel brand, Ying'nFlo, in Q4, 2022 where a portion of Eaton Residences Wan Chai Gap Road had been revamped and rebranded into a Ying'nFlo hotel.

The Group's core profit attributable to equity holders for the year was HK\$1,402.6 million representing a 3.1% growth compared to HK\$1,360.6 million last year. Meanwhile, the Group's statutory results, which included a reversal of hotel impairment and fair value changes of investment properties and financial assets, reported a loss attributable to equity holders of HK\$181.4 million (2021: HK\$499.0 million). The Management's discussion and analysis below focuses on the core profit of the Group.

The Group's operating income from core business rose 12.8% to HK\$2,563.4 million (2021: HK\$2,271.7 million). The main contributor to this growth was the improved performance of our hotel portfolio where a gain of HK\$615.9 million was reported for the year (2021: loss of HK\$105.4 million). This uptick mainly resulted from a surging demand for high-end hotels after restriction free travel resumed in the UK, US and Australia respectively. This set off the trough experienced by the hotels in Hong Kong and Shanghai during first half of the year under strict social distancing rules / lockdown in place at the time. The rebound of the hotel sector mitigated the property sales income drop from the ONTOLO project where HK\$457.3 million was recorded this year (2021: HK\$815.6 million).

Upon completion of necessary mechanical and engineering works conducted to qualify their capability in providing COVID-related accommodation, our three hotels in Hong Kong commenced to participate in various government schemes during first half of the year and operate as either Community Isolation Facility ("CIF"), quarter to Hospital Authority staff or quarantine hotel ("Q-Hotel"). Participation to these government schemes achieved higher occupancies and average room rates when compared to that of 2021, with return well exceeded the costs of improvement works. With the gradual loosening of restrictions in Hong Kong (including the partial re-opening of border to international regions) since end of Q3, 2022, hotel businesses improved slightly and this is largely contributed by the improved performance of the Food and Beverage ("F&B") outlets for all three hotels. LHI declared a distribution per Share Stapled Unit of HK2.9 cents for the year 2022 (2021: HK2.7 cents), which was 7.4% higher than that of last year.

The lingering impacts of COVID-19 and the continued border closure with mainland China posed challenges to the operating environment of Champion REIT over the entire 2022. After factoring in the Group's 0.52% increase in investment in Champion REIT during the year, distribution income from Champion REIT dropped 12.9% year-on-year to HK\$796.8 million from HK\$914.6 million for the previous year, while management fee income also fell 8.8% from HK\$365.4 million to HK\$333.4 million.

The net rental income from our investment portfolio, mainly Great Eagle Centre and Eaton Residences, dropped slightly by 1.0% from HK\$98.1 million to HK\$97.1 million due to then prevailing COVID-19 measures that hindered cross border travel, especially by travellers from mainland China.

The Group's other business operations recorded a 60.3% growth in net income to HK\$196.7 million (2021: HK\$122.7 million). This was mainly due to the reversal of remaining provision for an impairment made in 2020 for Eaton's Club's flexible workspace business.

Administrative, selling and other expenses increased 14.3% to HK\$500.3 million against the previous year mainly because of the lower salary base in 2021 as a result of the one-off, no pay leave arrangement for executive staff. The general annual salary adjustment also added to the related expenses. Professional fee also increased which was largely due to the ad-hoc professional services engaged during the year to facilitate loan refinancing, acquisition and investment activities. In addition, an impairment of HK\$13.0 million against one of the Group's Chinese bond receivables due to a surge in default risk of the counterparty; coupled with a write-off of HK\$17.4 million in respect of a non-core venture capital fintech investment were also recorded during the year.

The net finance expenses of the Group increased to HK\$171.5 million in 2022 (2021: HK\$80.7 million) due to our reduced investment in high yield bonds and linked notes, as well as higher borrowing interest rates. The share of results of associates rose by HK\$11.0 million, largely due to a newly acquired associate. The overall core profit attributable to equity holders increased 3.1% to HK\$1,402.6 million (2021: HK\$1,360.6 million).

After having navigated through the turbulence brought by COVID-19 and other geopolitical tensions, the Group's financial position remains healthy.

## BUSINESS REVIEW

Breakdown of Operating Income	Year ended 31 December		
	2022	2021	Change
	HK\$ million	HK\$ million	
1. Income from property sales	457.3	815.6	-43.9%
2. Hotels EBITDA	615.9	(105.4)	n.m.
3. Income from Champion REIT	1,130.2	1,280.0	-11.7%
4. Distribution income from LHI	66.2	60.7	+9.1%
5. Net rental income from investment properties	97.1	98.1	-1.0%
6. Operating income from other operations	196.7	122.7	+60.3%
<b>Operating income from core business</b>	<b>2,563.4</b>	<b>2,271.7</b>	<b>+12.8%</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., comprising 723 luxury residential units and 456 car parking spaces, was completed in Q4, 2020.

During the year, the average sales price for the residential units was HK\$24,000 per sq. ft. based on saleable area, while the average sales price for the sold car parking spaces was HK\$2.59 million per unit.

By the end of 2022, accumulated sales reached 615 residential units (representing a saleable area of 465,926 sq. ft.) and 178 car parking spaces (“Properties Sold”). The majority of the Properties Sold had been handed over to buyers in years prior to 2022. In the reported year, 34 residential units (saleable area 38,122 sq. ft.) and 37 car parking spaces were delivered, resulting in the booking of relevant revenue and operating profit contribution of HK\$920.0 million and HK\$457.3 million respectively. It is expected that the remaining 29 residential units (saleable area 39,508 sq. ft.) and 8 car parking spaces of the Properties Sold will be delivered to buyers over 2023 to 2025, representing contracted price of about HK\$946.2 million.

## 2. HOTELS DIVISION

### Hotels Performance

	Average daily rooms available		Occupancy		Average room rate (local currency)		RevPAR (local currency)	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Europe</b>								
The Langham, London	380	380	65.5%	22.8%	533	476	349	108
<b>North America</b>								
The Langham, Boston <sup>#</sup>	301	299	47.3%	18.7%	478	499	226	93
The Langham Huntington, Pasadena	379	379	55.6%	34.3%	362	365	201	125
The Langham, Chicago	315	316	63.8%	43.0%	507	472	324	203
The Langham, New York, Fifth Avenue	234	234	70.9%	39.3%	746	673	529	264
Eaton, Washington D.C.	209	209	57.1%	29.6%	267	192	153	57
Chelsea Hotel, Toronto	1,590	1,590	67.2%	33.9%	180	110	121	37
<b>Australia / New Zealand</b>								
The Langham, Melbourne	388	388	57.9%	20.4%	360	344	208	70
The Langham, Sydney	96	96	61.6%	31.7%	574	538	353	171
Cordis, Auckland <sup>^</sup>	639	410	37.9%	27.3%	244	218	93	60
<b>Mainland China</b>								
The Langham, Shanghai, Xintiandi	356	354	39.8%	63.0%	1,086	1,296	432	816
Cordis, Shanghai, Hongqiao	393	394	40.1%	58.8%	731	768	293	451

<sup>#</sup> Reopened in Q2, 2021 after the hotel closed for renovation from April 2019

<sup>^</sup> The new Pinnacle Tower extension of Cordis, Auckland opened in December 2021



	Year ended 31 December		
	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>	Change
<b>Hotels revenue</b>			
Europe	650.9	250.7	+159.6%
North America	2,287.1	1,002.3	+128.2%
Australia / New Zealand	675.6	346.9	+94.8%
Mainland China	206.4	370.8	-44.3%
Others (including hotel management fee income)	109.1	115.0	-5.1%
<b>Total hotels revenue</b>	<b>3,929.1</b>	<b>2,085.7</b>	<b>+88.4%</b>
<b>Hotels EBITDA</b>			
Europe	210.8	23.1	+812.6%
North America	457.1	10.7	n.m.
Australia / New Zealand	46.6	(53.0)	n.m.
Mainland China	(2.1)	63.7	n.m.
Others (including hotel management fee income)	(96.5)	(149.9)	-35.6%
<b>Total hotels EBITDA</b>	<b>615.9</b>	<b>(105.4)</b>	<b>n.m.</b>

The performance of our overseas hotels for 2022 varied. Positive business momentum was seen in most international regions, whilst Hong Kong and mainland China continued to struggle due to pandemic restrictions. In London and North America, leisure demand remained robust with business demand strengthening throughout the year as more corporate travellers and group activities returned. Our Pacific hotels also witnessed steady recovery from Q2 onwards as international corporate and conference demand revived.

Mainland China experienced sporadic COVID-19 disease outbreaks in 2022 and subsequent strict lockdowns dragged down economic activity and in particular travel. Performance was significantly affected by these restrictions for most of the year.

Total revenue for the Hotels Division recorded an 88.4% year-on-year growth to HK\$3,929.1 million (2021: HK\$2,085.7 million).

Results of the Hotels Division also included hotel management fee income from purely managed hotels; as well as any surplus or shortfall incurred by the Group as the master lessee of LHI's hotels, which are included under the row "Others" in the above Hotels EBITDA table. The loss incurred in "Others" in 2022 was primarily a result of a shortfall of HK\$161.2 million (2021: HK\$215.7 million) incurred by the Group as the master lessee of LHI's hotels.

Overall, the Hotels Division reported an EBITDA of HK\$615.9 million in 2022 (2021: loss of HK\$105.4 million), which has factored in the government subsidies received during the year at HK\$48.0 million (2021: HK\$83.4 million).

## **EUROPE**

### **The Langham, London**

Our London hotel witnessed a strong rebound for the year especially from Q2, 2022 onwards. Room performance saw high occupancy and a record-breaking average rate was supported by a good mix of leisure, corporate travel and group business including long-stay business from the Middle East.

## **NORTH AMERICA**

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

Our US region experienced a significant recovery for the year with rooms performance achieving high occupancy and record high average rates. This was mainly supported by leisure travellers, while the return of business and group segments has been more gradual.

In addition, the resumption of large-scale entertainment and cultural events also significantly boosted travel to the cities where our hotels are located.

### **Chelsea Hotel, Toronto**

The hotel had strong operating financials backed by a solid demand of long-stay student groups from the universities. This coupled with normal travel patterns in summer and autumn months allowed the hotel to post reasonable occupancies.

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 together is expected to more than double the existing aggregate gross floor area to approximately 1.7 million sq. ft. After securing the Entitlement Rights per our development application in 2019, the Group continued to work on the Site Permit application with resubmission made to addressing City authorities' comments. Our development team has continuously been exploring for further project enhancements and assessing the optimal timing for redevelopment. Meanwhile the Chelsea Hotel operation continues.

## **AUSTRALIA / NEW ZEALAND**

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

Our Australian hotels have seen gradual improvement from Q3, 2022 onwards after the removal of travel restrictions. Similar to that of the US and London, rooms business was largely supported by the leisure segment which was willing to pay higher average rates especially during peak demand periods. The hotels also saw a good rebound in corporate and group activities in the second half of the year.

### **Cordis, Auckland**

Rooms business experienced a slower recovery in the international business travel segment, with demand mainly supported by the domestic market and aircrew guests. F&B revenue was largely contributed by the catering segment for small to medium sized meetings, major conferences and events.

The new Pinnacle Tower extension had contributed steady revenues to the hotel's overall performance.

## **MAINLAND CHINA**

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

Our Shanghai properties had a challenging year, hampered by strict lockdowns and travel restrictions of the city. After restrictions were lifted in June following a two-month lockdown, both hotels saw some improvements in rooms business while restaurants could only operate at limited capacity. However, the sporadic COVID-19 cases and stringent restrictions continued to weigh on the hotels' performance in Q4, 2022.

## Hotel Management Business

As of end December 2022, there were 13 third-party hotels under management with approximately 3,700 rooms. The most recent hotel added to the portfolio was The Langham Gold Coast, Australia that soft opened in June 2022 with 169 available guestrooms. The remaining hotel facilities, including 170 apartments, were gradually opened from August 2022 onwards.

A new midscale hotel brand, Ying'nFlo, had been launched for which a portion of Eaton Residences Wan Chai Gap Road was converted into hotel rooms, and commencing operation in Q4, 2022.

### 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 2022 dropped 11.7% to HK\$1,130.2 million. Out of this total income, distribution income dropped 12.9% to HK\$796.8 million after taking into account of the Group's increase in holding interest from 67.76% as at the end of December 2021 to 68.28% as at the end of December 2022, as the REIT declared a 14.0% decline in distribution per unit based on a 90.0% payout ratio (2021: 90.0%). The balance represented management fee income which also fell by 8.8% to HK\$333.4 million in 2022 due to Champion REIT's lower net property income.

	Year ended 31 December		Change
	2022	2021	
	HK\$ million	HK\$ million	
Attributable distribution income	796.8	914.6	-12.9%
Management fee income	333.4	365.4	-8.8%
<b>Total income from Champion REIT</b>	<b>1,130.2</b>	<b>1,280.0</b>	<b>-11.7%</b>

The following text was extracted from the 2022 annual results announcement of Champion REIT relating to the performance of the REIT's properties.

#### ***Three Garden Road***

Despite that market sentiment has improved following the relaxation of arrangements for inbound travellers in the second half of 2022, leasing momentum remained quiet. Downsizing and relocation of tenants in the financial industry drove down occupancy of Three Garden Road Office to 82.7% as at 31 December 2022 (31 December 2021: 89.0%). Market rental of the property continued to be under pressure. Average passing rent dropped to HK\$99.7 per sq. ft. (based on lettable area as at 31 December 2022 (31 December 2021: HK\$108.3 per sq. ft.)). Rental income went down 7.8% to HK\$1,346 million (2021: HK\$1,460 million) as a result of lower average occupancy and negative rental reversion.

Net property operating expenses decreased 8.1% to HK\$135 million (2021: HK\$147 million) mainly due to lower rental commission on slow leasing activities and lower government rent and rates. These lower expenses offset the higher net building management expenses resulted from higher vacancy. Net property income decreased by 7.8% to HK\$1,211 million (2021: HK\$1,313 million) mainly due to lower rental income.

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

The uptake by beauty and medical tenants partially made up for the departure of traditional office tenants but was not enough to fill up all the vacated areas. Occupancy of the property lowered to 93.3% as at 31 December 2022 (31 December 2021: 96.3%). Passing rent of the property was HK\$46.0 per sq. ft. (based on gross floor area) as at 31 December 2022 (31 December 2021: HK\$47.1 per sq. ft.). Total rental income of the property was relatively stable at HK\$363 million (2021: HK\$365 million).

Net property income also maintained at stable level of HK\$326 million (2021: HK\$327 million). Net property operating expenses decreased slightly by 0.3% to HK\$37 million (2021: HK\$38 million), mainly due to lower rental commission on slow leasing activities. The reduced spending partly offset the increase in allowance for credit loss and higher other operating expenses.

### ***Langham Place Mall***

The easing of social distancing measures together with the government's Consumption Voucher Scheme spurred a rebound of tenants' business at Langham Place Mall. Full year tenants' sales went up 8%, outperforming the overall Hong Kong retail sales which dropped by 0.9% in 2022. The beauty segment recorded an encouraging growth, contributing to a 210.4% increase in turnover rent portion to HK\$117 million (2021: HK\$38 million). But it was not sufficient to compensate the decline of base rent portion which slid 16.3% to HK\$481 million (2021: HK\$575 million). Though the percentage of tenants paying turnover rent only lowered to 9% as at 31 December 2022 compared with 12% as at 31 December 2021, negative rental reversion drove down the base rent portion and total rental income decreased 3.1% to HK\$650 million (2021: HK\$670 million). Average passing rent decreased to HK\$157.1 per sq. ft. (based on lettable area) as at 31 December 2022 (31 December 2021: HK\$165.9 per sq. ft.). The mall remained fully occupied as at 31 December 2022.

Despite that challenging market conditions, we strived to inject new concepts into the mall to maintain its attractiveness for consumers.

Furthermore, we continued to carry out a range of marketing campaigns to stimulate sales for the mall. Leveraging the government's consumption vouchers, sales-driven initiatives such as Langham Beauty Fest proved to be a success with shoppers. Promotion expenses as a result went up by HK\$2 million. The operating expenses incurred for Langham Beauty also added to net property operating expenses which accounted to HK\$156 million (2021: HK\$114 million). Net property income of the property decreased by 11.3% to HK\$494 million (2021: HK\$557 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.

During the year 2022, the travel restrictions and quarantine measures continued to affect business performance in Hong Kong. Our hotels operated as quarantine hotels or CIF, which generated steady revenues especially during Q2-Q3, 2022. Following the end of quarantine requirements in September 2022, all hotels in Hong Kong had returned to normal operations by November 2022.

In 2022, LHI generated a small amount of distribution income and declared distribution per Share Stapled Unit of HK2.9 cents (2021: HK2.7 cents).

	Year ended 31 December		
	2022	2021	Change
	HK\$ million	HK\$ million	
Attributable distribution income	66.2	60.7	+9.1%

Performances of the Hong Kong hotels below were extracted from the 2022 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\$)	
	2022	2021	2022	2021	2022	2021	2022	2021
The Langham, Hong Kong	498	498	59.8%	30.1%	1,753	1,103	1,048	332
Cordis, Hong Kong	668	667	66.4%	36.0%	1,428	996	948	358
Eaton HK	465	465	73.4%	48.8%	911	534	669	261

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

The hotel participated in the CIF Hotel Scheme by providing accommodation to COVID-19 patients with mild symptoms from March to the end of April 2022. Because of a fall in confirmed cases, the hotel began operating as a Q-Hotel from 1 May, providing quarantine accommodation to overseas travellers or returning residents. In view of the demand for Q-Hotels and the relaxation of quarantine requirements, the hotel operated as a Q-Hotel until 26 September 2022. Afterwards, it resumed normal hotel operations, focussing on the local staycation market and long-stay business.

Due to changes in the operating mode to a CIF/Q-Hotel and the relaxation of quarantine restrictions, the hotel witnessed a 59.8% occupancy in 2022, as compared with 30.1% occupancy posted in 2021. The average room rate increased 58.9% year-on-year in 2022.

While room revenue soared 215.4% year-on-year in 2022, F&B revenue for the hotel declined 34.4% year-on-year in 2022, mainly due to the temporary closure of all F&B outlets under the CIF Hotel Scheme. Nevertheless, the hotel's total revenue increased 35.6% year-on-year in 2022.

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

Cordis changed its operation mode to a CIF hotel from mid-March to mid-May 2022 by providing accommodation to COVID-19 patients with mild symptoms. From mid-May to the end of September 2022, the hotel was operated as a Q-Hotel, offering quarantine accommodation to overseas travellers or returning residents. Thereafter it resumed normal hotel operations and focused on the local staycation market and long-stay business. As a result, the hotel achieved 66.4% occupancy in 2022, as compared with the 36.0% occupancy posted in 2021. The average room rate grew 43.4% year-on-year in 2022, helping to boost room revenue by 165.1% year-on-year in 2022.

F&B revenue decreased 39.1% year-on-year in 2022, mainly due to the temporary closure of all F&B outlets when the hotel was operating as a CIF/Q-Hotel under the CIF Hotel Scheme and the continued closure of the banquet business when operating as a Q-Hotel. Overall, the total revenue of the hotel improved 20.2% year-on-year in 2022.

### ***Eaton HK***

The hotel delivered a 73.4% occupancy for 2022 as it captured a good share of the staycation market by its value-for-money pricing as well as being contracted to provide accommodation to staff from the Hospital Authority for three months between mid-March and mid-June. As a result, average room rate improved 70.6% year-on-year in 2022. Total room revenue increased 156.8% year-on-year in 2022.

On the other hand, revenue from F&B operations at Eaton HK fell by 1.7% in 2022, mainly due to the short-term closure of various F&B outlets at various times in the first half of 2022. The total revenue of the hotel improved 34.1% year-on-year in 2022.

## 5. RENTAL INCOME FROM INVESTMENT PROPERTIES

	Year ended 31 December		
	2022 HK\$ million	2021 HK\$ million	Change
<b>Gross rental income</b>			
Great Eagle Centre	77.5	89.5	-13.4%
Eaton Residences Apartments	36.3	26.2	+38.5%
Others	37.3	29.1	+28.2%
	<b>151.1</b>	<b>144.8</b>	<b>+4.4%</b>
<b>Net rental income</b>			
Great Eagle Centre	63.9	80.3	-20.4%
Eaton Residences Apartments	18.0	11.3	+59.3%
Others	15.2	6.5	+133.8%
	<b>97.1</b>	<b>98.1</b>	<b>-1.0%</b>

### Great Eagle Centre

	As at the end of		
	December 2022	December 2021	Change
<b>Office (on lettable area)</b>			
Occupancy	<b>62.8%</b>	<b>69.5%</b>	-6.7ppt
Average passing rent	<b>HK\$58.0</b>	<b>HK\$63.0</b>	-7.9%
<b>Retail (on lettable area)</b>			
Occupancy	<b>73.8%</b>	<b>94.5%</b>	-20.7ppt
Average passing rent	<b>HK\$74.4</b>	<b>HK\$70.1</b>	+6.1%

Occupancy of office space in Great Eagle Centre dropped 6.7 percentage points to 62.8% (2021: 69.5%). Demand from mainland companies remained subdued amid the fifth wave of the pandemic. Both office and retail market rents were under pressure given sluggish market conditions.

The average passing rent for the leased office space at Great Eagle Centre was reported at HK\$58.0 per sq. ft. as of December 2022, which represented a 7.9% decrease from that of last year (2021: HK\$63.0 per sq. ft.).

Overall gross rental income for Great Eagle Centre dropped 13.4% year-on-year to HK\$77.5 million in 2022. Net rental income dropped 20.4% to HK\$63.9 million.

## *Eaton Residences Apartments*

	Year ended 31 December		
	2022	2021	Change
(on gross floor area)			
Occupancy	59.8%	74.1%	-14.3ppt
Average net passing rent	HK\$22.6	HK\$18.1	+24.9%

Eaton Residences Village Road maintained steady occupancy supported by the relocation and leisure segments. Eaton Residences Wan Chai Gap Road was relaunched as Ying'nFlo Wan Chai at the end of October 2022, marking the Group's first property under the new midscale brand. Blue Pool Road resumed business on 1 January 2022 after a comprehensive refurbishment. With more available rental area from Blue Pool Road, the occupancy of the portfolio dropped from 74.1% in 2021 to 59.8% in 2022.

The average net passing rent for the serviced apartments rose 24.9% to HK\$22.6 per sq. ft. on gross floor area basis in 2022, as compared with HK\$18.1 per sq. ft. in 2021.

Gross rental income rose 38.5% year-on-year to HK\$36.3 million whereas net rental income increased 59.3% year-on-year to HK\$18.0 million in 2022.

### **6. OPERATING INCOME FROM OTHER OPERATIONS**

The Group's operating income from other business segments 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 co-working space business and dividend income or distribution from our securities portfolio or other investments.

For the year 2022, operating income from other business segments rose 60.3% to HK\$196.7 million (2021: HK\$122.7 million). Growth was mainly due to the reversal of the residual provision for an impairment made for the Eaton Club business in 2020.

### **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.

As of the end of Q4, 2022, the U.S. Fund's only major asset was the rental apartment complex, Cavalleri Malibu, which was 86.8% leased. The property is currently under a purchase and sale agreement for disposal to a third party which is intended to complete in Q2 – Q3, 2023 subject to fulfillment of various conditions.

### **CONSUMER SECTOR**

In April, the Group completed its equity investment in an associate, Imperial Enterprises Holdings Limited ("IEH") via a majority owned subsidiary. IEH has become one of the fastest growing and most innovative pastry brands in Hong Kong, featuring a wide variety of confectionery gifts such as mooncakes, palmiers, eggrolls, crispy cookies and Tonggwoji.

In addition, the Group also completed the acquisition of a 30% equity interest in Tonkichi Holdings Limited in August 2022, which is a restaurant chain specialised in Japanese tonkatsu cuisine.

### ***TECHNOLOGIES AND VENTURE CAPITAL INVESTMENT***

The Group continued its strategy to deploy appropriate resources to invest in the form of venture capital in sectors evidencing the greatest potential for billion-dollar companies including semiconductor, AI and big data, 5G, healthcare services, medical devices, biotechnology and clean technology.

As at the balance sheet date, the Group had cumulatively closed 19 investments of which US\$26.0 million (equivalent to HK\$203.0 million) had been paid. This included 13 investments which were closed in 2022 including paid up capital of US\$17.7 million (equivalent to HK\$138.2 million).

### **DEVELOPMENT PROJECTS**

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

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

This project is comprised of a gross floor area of approximately 742,000 sq. ft., or a saleable area of 660,000 sq. ft., involving the development of 990 apartments above Ho Man Tin MTR station under a Development Agreement with MTR Corporation Limited. Works are on schedule and presale is targeted to launch in end of 2023.

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

The Dalian project was sold to a third party in July 2019. As at the end of December 2022, 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 and such recovery action has been continuing.

#### **Japan**

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

The Group acquired a hotel redevelopment site situated in close proximity to the landmark Roppongi Hills Midtown, Tokyo for JPY22.2 billion in 2016. Subsequently, the Group made follow up acquisition of surrounding small adjoining parcels of land to support the application for an increase in plot ratio of the site. Based on a higher plot ratio, total gross floor area of the expanded site is approximately 380,000 sq. ft.

World renowned architect, Kengo Kuma & Associates has been commissioned to design this 270-key flagship, The Langham Hotel. Planning application was submitted to the local government, and a general contractor has been appointed to conduct further value engineering works. The Group will not start on the construction until an economically viable construction cost can be negotiated.



## **United States**

### ***San Francisco Hotel Development Project, 1125 Market Street***

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

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

### ***Seattle Development Project, 1931 Second Avenue***

The Group acquired a site in downtown Seattle for US\$18 million in December 2016. The site is located at one of the highest points of downtown Seattle and near the famous Pike Place market. The site has an area of approximately 19,400 sq. ft. Although the Seattle site has already been approved for the development of a hotel, we are pursuing to obtain entitlement in expanding the development's gross floor area to 553,000 sq. ft., and incorporate residential component to the project, thus further enhancing the financial attractiveness of this mixed-use luxury hotel and condominium project. We brought in world renowned architect, Kengo Kuma & Associates, to design this landmark mixed-use development project. Design Review Board Approval was received in November 2021 with minor conditions. Building Permit Application is scheduled to be submitted by June 2023 for code vestiture. Construction cost is subject to further examination and refinement. We are closely monitoring Seattle construction costs as well as the sales market for luxury condominiums.

## **Europe**

### ***Venice Hotel Development Project, Island of Murano***

The Group acquired a site on the island of Murano in Venice. The project is a combination of restoration of historic structures and new build construction that will consist of 133 keys with a total construction floor area of approximately 170,000 sq. ft. The project was granted a revised Building Permit in April 2022, which was based on a design modified to achieve the standards of the Langham brand.

World-renowned architect Matteo Thun is designing the hotel. Tender for the Early Works (Foundations and Excavation) was awarded in December 2022. An update cost estimate is under preparation by the cost consultant. Procurement of the General Contractor for the Shell and Core is scheduled to commence in Q1, 2023, whilst scheduled completion of construction will be defined in due course.

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

## OUTLOOK

The outlook of 2023 should be more stable with the ending of the pandemic and resumption of pre-COVID normalcy underway. The worldwide easing of travel restrictions and social distancing measures, especially with respect to China, should enable a recovery of economy. In the Hong Kong context, we remain optimistic about its economy for 2023 following the reopening of border with mainland China. The hospitality and retail sector should improve with the return of travellers, and demand for residential properties will be boosted by the return of prospective buyers from mainland China. This may benefit the sale of the remainder units of ONTOLO, as well as the new Ho Man Tin project which is targeted to launch in end of 2023. Hopefully, the office sector should start to recover when mainland businesses can return to work and invest in Hong Kong.

The performance of LHI is expected to modestly recover following the reopening of the border, as well as the relaxation of social distancing measures.

For Champion REIT, the REIT manager expects that 2023 would remain a challenging year in view of the potential global recession despite some improved sentiment for the office and retail sector arising from the recent reopening of the border with mainland China. For now, the new letting rental levels are substantially lower than the overall passing rental. Downward pressure on office rentals due to existing and upcoming supply; while rising borrowing cost and its volatility would continue to weigh on the performance of the REIT and hence the distribution per unit. Nevertheless, the REIT manager will endeavour to closely monitor the market conditions in enhancing the performance of Champion REIT, while looking for prudent investment opportunities.

In spite of the surging positive signs, the uncertainties including the ongoing warfare between Russia and Ukraine, the geo-political tensions between China and the US, and further rate hikes by the US would all impede the pace of the world's economic recovery. We are particularly cautious about the interest rate hikes and their potential impacts on the businesses of the entire Group as a whole. To mitigate, the Group will continue to navigate the businesses diligently amid the uncertainties and challenges ahead. It will explore new business trends and prudently look for investment opportunities. We will continue to implement our disciplined financial management measures, to minimize the risks and to providing sustainable benefits for the Group in the long run.

## FINANCIAL REVIEW

### DEBT

Based on statutory reporting principles and after consolidating the results of Champion REIT, LHI and the U.S. Fund, the consolidated net debts of the Group as of 31 December 2022 was HK\$27,270 million, a decrease of HK\$10 million compared to that of 31 December 2021. The decrease in net borrowings was mainly due to a combined effect of improvement in hotel operations, additional loan drawn for development projects and dividend payment during the year.

Equity Attributable to Shareholders, based on a professional valuation of the Group's investment properties as of 31 December 2022 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK\$56,820 million, representing a decrease of HK\$4,629 million compared to the value of HK\$61,449 million as of 31 December 2021. The decrease was mainly attributable to a mark-to-market valuation loss from investment in LCID.US, 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 68.28%, 69.70% 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 2022 was 36.9% (31 December 2021: 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 2022	On consolidated basis <i>HK\$ million</i>	On core balance sheet basis <i>HK\$ million</i>
Great Eagle	7,177	7,177
Champion REIT	13,868	-
LHI	6,072	-
U.S. Fund	153	-
<b>Net debts</b>	<b>27,270</b>	<b>7,177</b>

Net debts attributable to Shareholders of the Group	20,955	7,177
Equity attributable to Shareholders of the Group	56,820	64,504
Net gearing ratio <sup>^</sup>	36.9%	11.1%

<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. 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 2022, the market value of these bonds and notes amounted to HK\$331 million and invested securities amounted to HK\$1,379 million which included LCID.US shares worth HK\$719 million. Should these amounts be taken into account, the consolidated net borrowings and gearing ratio would be reduced to HK\$19,245 million and 33.9% respectively. The net debt based on sharing of net assets of Champion REIT, LHI and U.S. Fund would correspondingly decreased to HK\$5,467 million and 8.5% respectively.

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

### **INDEBTEDNESS**

Our gross debts (including medium term notes and other borrowings) after consolidating Champion REIT, LHI and the U.S. Fund as of 31 December 2022 amounted to HK\$33,331 million (31 December 2021: HK\$33,502 million). Bank borrowings amounting to HK\$14,068 million (31 December 2021: 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 HK\$ million</b>	<b>Fixed rate debts HK\$ million</b>	<b>Utilised facilities HK\$ million</b>
Bank borrowings	<b>18,410</b>	<b>7,642 <sup>(4)</sup></b>	<b>26,052 <sup>(3)</sup></b>
Medium term notes	-	<b>7,060</b>	<b>7,060 <sup>(3)</sup></b>
Other borrowings	-	<b>219</b>	<b>219 <sup>(3)</sup></b>
<b>Total</b>	<b>18,410</b>	<b>14,921</b>	<b>33,331</b>
<b>%</b>	<b>55.2%</b>	<b>44.8%</b>	<b>100%</b>

(1) All amounts are stated at face value.

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

(3) Equivalence of HK\$5,137 million bank borrowings, HK\$5,360 million medium term notes and HK\$219 million other borrowings were originally denominated in other currencies.

(4) Included floating rate debts which had been swapped to fixed rate debts. As at 31 December 2022, the Group had outstanding interest rate swap contracts of a notional amount of HK\$7,027 million to manage interest rate exposure. The Group also entered into cross currency swaps of a notional amount equivalent to HK\$600 million to mitigate exposure to fluctuations in exchange rate and interest rates in Japanese YEN.

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

As of 31 December 2022, our cash, bank deposits and undrawn loan facilities amounted to a total of HK\$16,341 million (31 December 2021: HK\$15,178 million). The following is a profile of the maturity of our outstanding gross debts (including medium term notes and other borrowings) as of 31 December 2022:

Within 1 year	34.6%
More than 1 year but not exceeding 2 years	23.1%
More than 2 years but not exceeding 5 years	34.4%
More than 5 years	7.9%

### **FINANCE COST**

The net consolidated finance cost during the year was HK\$824 million of which HK\$91 million was capitalised to property development projects. Overall net interest cover at the reporting date was 3.9 times.

### **PLEDGE OF ASSETS**

At 31 December 2022, properties of the Group with a total book carrying value of approximately HK\$24,296 million (31 December 2021: HK\$20,495 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

## **COMMITMENTS AND CONTINGENT LIABILITIES**

At 31 December 2022, the Group had authorised capital expenditure for investment properties and property, plant and equipment which was not provided for in these consolidated financial statements amounting to HK\$7,980 million (31 December 2021: HK\$9,387 million) of which HK\$906 million (31 December 2021: HK\$888 million) had been contracted for.

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

## **FINAL DIVIDEND**

As approved by the Board, the dividend policy of the Company has been updated. The Board will declare dividends semi-annually. The Board may at its sole discretion declare the payment of special dividend to Shareholders of the Company (the “**Shareholders**”) and provide scrip dividend distribution option for the election of the Shareholders in relation to the payment of any dividend in any financial year as it deems appropriate. The payment of final dividend is subject to the approval of Shareholders.

The Board recommends the payment of final dividend for the year ended 31 December 2022 in the form of cash. Taking into account the Company’s expected cash flow positions and projected capital expenditure, the Board recommends the payment of a final dividend of HK50 cents per share (2021: final dividend of HK50 cents and special final dividend of HK50 cents per share) for the year ended 31 December 2022 to the Shareholders subject to the approval of the Shareholders at the forthcoming 2023 Annual General Meeting (the “**2023 AGM**”).

Taken together with the interim dividend of HK33 cents per share paid on 13 October 2022, the total dividend for the year 2022 is HK\$0.83 per share (2021 total dividend: HK\$1.33 per share, comprising an interim dividend of HK33 cents, a final dividend of HK50 cents and a special final dividend of HK50 cents).

Dividend warrants in respect of the proposed 2022 final dividend are expected to be despatched on 13 June 2023 to the Shareholders whose names appear on the Registers of Members of the Company (the “**Registers of Members**”) on Wednesday, 31 May 2023.

## **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 2023 AGM

For the purpose of ascertaining the Shareholders’ entitlement to attend and vote at the 2023 AGM, the Registers of Members will be closed from Monday, 15 May 2023 to Thursday, 18 May 2023, both days inclusive.

In order to be eligible to attend and vote at the 2023 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (the “**Branch Share Registrar**”) at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 12 May 2023.

- (ii) To qualify for the proposed 2022 final dividend

For the purpose of ascertaining the Shareholders' entitlement to the proposed 2022 final dividend, the Registers of Members will be closed from Thursday, 25 May 2023 to Wednesday, 31 May 2023, both days inclusive.

In order to qualify for the proposed 2022 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 Wednesday, 24 May 2023.

## **ANNUAL GENERAL MEETING AND ANNUAL REPORT**

The 2023 AGM of the Company will be held on Thursday, 18 May 2023. The notice of 2023 AGM together with the 2022 Annual Report and all other relevant documents will be despatched to the Shareholders and published on the Group's website at [www.GreatEagle.com.hk](http://www.GreatEagle.com.hk) and the HKEXnews' website at [www.hkexnews.hk](http://www.hkexnews.hk) in April 2023.

## **GOVERNANCE AND COMPLIANCE**

The Company is committed to maintaining and developing a high standard of corporate governance practices that are designed to enhance corporate image, boost Shareholders' confidence, and reduce the 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 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 of Hong Kong Limited (the "**Listing Rules**"). Set out below are details of the deviations from the code provisions:

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

Under the existing Bye-laws, the Executive Chairman and Managing Director of the Company are not subject to retirement by rotation. The same provision is contained in The Great Eagle Holdings Limited Company Act, 1990 of Bermuda. As such, Directors who hold the offices of either the Executive Chairman or the Managing Director of the Company are by statute not required to retire by rotation. After due consideration, in particular of the legal costs and procedures involved, the Board considers that it is not desirable to propose any amendment to The Great Eagle Holdings Limited Company Act, 1990 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 C.1.4 requires that all Directors should participate in continuous professional development to develop and refresh their knowledge and skills**

Madam Lo To Lee Kwan, a Non-executive Director of the Company, is the co-founder of the Group. She was involved in the early stages of development of the Group. Since she is relatively inactive in the Group's business in recent years, she has not participated in the 2022 Director Development Programme provided by the Company.

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

Dr. Lo Ka Shui is the Chairman of the Board and also holds the office of Managing Director of the Company. While this is a deviation from CG Code Provision C.2.1, dual role leadership has been 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 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 which comprises experienced and high caliber individuals including four Independent Non-executive Directors and three Non-executive Directors who offer advices and views from different perspectives. Meanwhile, the day-to-day management and operation of the Group are delegated to divisional management under the leadership and supervision of Dr. Lo in the role of Managing Director, and who is supported by the Executive Directors and Senior Management.

**CG Code Provision E.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 maintain the equilibrium between transparency and privacy.

***EMPLOYMENT AND LABOUR PRACTICES***

As at 31 December 2022, the number of employees of the Group, including our head office management team, and frontline hotel, property management and operation colleagues, increased approximately 8.44% to 5,639 (2021: 5,200). The increase was mainly attributable to the higher business demand for our overseas hotels as we experienced the returning of hotel business during 2022, the post-COVID-19 period. Staff costs (including Directors' emoluments) for the year ended 31 December 2022 amounted to HK\$2,456.9 million (2021: HK\$1,895.0 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 of the Group (including Executive Directors) are entitled to participate in the Company's 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. In line with our commitment to sustainability, staff wellness program (e.g. wellness festival, green workshop and mindfulness class), staff recreational activities as well as community involvement through volunteering projects are provided to employees.

## ***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 2022.

## ***AUDIT COMMITTEE***

The final results of the Company for the year ended 31 December 2022 have been reviewed by the Audit Committee of the Company.

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

The figures in respect of the Group’s consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 3 March 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

## ***NEW SHARES ISSUED***

As at 31 December 2022, the total number of issued shares of the Company was 747,723,345. On 21 June 2022, 16,682,933 new shares were issued at the price of HK\$15.98 per share pursuant to the scrip dividend arrangement in respect of the 2021 final dividend. Details of the scrip dividend arrangement were set out in the announcement published by the Company on 18 May 2022 and the circular to the Shareholders dated 23 May 2022 respectively.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities.

## ***PUBLIC FLOAT***

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



## **BOARD OF DIRECTORS**

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

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

Hong Kong, 3 March 2023

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<u>NOTES</u>	<u>2022</u> <b>HK\$'000</b>	<u>2021</u> <b>HK\$'000</b>
Revenue	4	<b>8,884,832</b>	7,830,429
Cost of goods and services		<b>(5,227,278)</b>	(4,633,598)
Operating profit before depreciation		<b>3,657,554</b>	3,196,831
Depreciation		<b>(885,628)</b>	(849,367)
Operating profit		<b>2,771,926</b>	2,347,464
Fair value changes on investment properties		<b>(1,923,046)</b>	(2,178,596)
Fair value changes on derivative financial instruments		<b>351,737</b>	290,780
Fair value changes on financial assets at fair value through profit or loss		<b>(122,855)</b>	(47,172)
Other income	6	<b>154,804</b>	344,948
Administrative and other expenses		<b>(530,027)</b>	(446,598)
Allowance for credit losses on notes and interest receivables		<b>(61,240)</b>	(108,396)
Reversal of impairment loss on a hotel property		<b>274,082</b>	-
Finance costs	7	<b>(829,907)</b>	(705,271)
Share of results of joint ventures		<b>(43,237)</b>	13,742
Share of results of associates		<b>17,102</b>	6,100
Profit (loss) before tax		<b>59,339</b>	(482,999)
Income taxes	8	<b>(470,153)</b>	(309,019)
Loss for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	9	<b>(410,814)</b>	(792,018)
(Loss) profit for the year attributable to:			
Owners of the Company		<b>(181,404)</b>	(499,034)
Non-controlling interests		<b>7,338</b>	(21,936)
Non-controlling unitholders of Champion REIT		<b>(174,066)</b>	(520,970)
		<b>(236,748)</b>	(271,048)
		<b>(410,814)</b>	(792,018)
Loss per share:	11		
Basic		<b>(HK\$0.25)</b>	(HK\$0.69)
Diluted		<b>(HK\$0.25)</b>	(HK\$0.69)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Loss for the year, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	<u>(410,814)</u>	<u>(792,018)</u>
<b>Other comprehensive (expense) income:</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income	(3,462,353)	3,805,143
Share of other comprehensive income of an associate	1,748	3,303
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(507,691)	(170,681)
Cash flow hedges:		
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedges	107,427	47,586
Reclassification of fair value adjustments to profit or loss	(119)	36,956
Deferred tax related to fair value adjustments recognised in other comprehensive income	<u>(14,207)</u>	<u>-</u>
Other comprehensive (expense) income for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	<u>(3,875,195)</u>	<u>3,722,307</u>
Total comprehensive (expense) income for the year, before deducting amounts attributable to non-controlling unitholders of Champion REIT	<u>(4,286,009)</u>	<u>2,930,289</u>
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	(4,073,662)	3,172,163
Non-controlling interests	<u>7,125</u>	<u>(20,255)</u>
	<u>(4,066,537)</u>	3,151,908
Non-controlling unitholders of Champion REIT	<u>(219,472)</u>	<u>(221,619)</u>
	<u>(4,286,009)</u>	<u>2,930,289</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2022**

	<u>NOTES</u>	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
<b>Non-current assets</b>			
Investment properties		69,349,079	71,063,934
Property, plant and equipment		20,379,056	21,356,674
Interests in joint ventures		260,319	337,743
Interests in associates		204,018	56,394
Equity instruments at fair value through other comprehensive income		1,943,495	5,195,583
Notes and loan receivables		432,734	600,152
Derivative financial instruments		111,589	15,732
Deposit for hotel renovation and acquisition of an investment property		-	31,087
		<u>92,680,290</u>	<u>98,657,299</u>
<b>Current assets</b>			
Stock of properties		12,068,882	12,589,462
Inventories		127,853	137,918
Debtors, deposits and prepayments	12	890,763	793,752
Notes and loan receivables		371,341	41,699
Financial assets at fair value through profit or loss		539,842	732,251
Derivative financial instruments		144,085	53,504
Tax recoverable		2,082	23,315
Restricted cash		53,288	102,889
Time deposits with original maturity over three months		66,380	-
Bank balances and cash		5,941,727	6,119,146
		<u>20,206,243</u>	<u>20,593,936</u>
<b>Current liabilities</b>			
Creditors, deposits and accruals	13	6,719,586	7,194,736
Derivative financial instruments		2,753	5,641
Provision for taxation		253,346	529,863
Distribution payable		169,665	207,033
Borrowings due within one year		8,482,640	6,542,795
Medium term notes		3,017,389	643,000
Lease liabilities		5,407	11,121
		<u>18,650,786</u>	<u>15,134,189</u>
<b>Net current assets</b>		<u>1,555,457</u>	<u>5,459,747</u>
<b>Total assets less current liabilities</b>		<u>94,235,747</u>	<u>104,117,046</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2022**

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
<b>Non-current liabilities</b>		
Derivative financial instruments	60,963	90,065
Borrowings due after one year	17,693,997	19,174,451
Medium term notes	4,006,947	7,006,560
Deferred taxation	1,286,645	1,219,012
Lease liabilities	6,363	11,127
	<u>23,054,915</u>	<u>27,501,215</u>
<b>NET ASSETS</b>	<u>71,180,832</u>	<u>76,615,831</u>
Equity attributable to:		
Owners of the Company		
Share capital	373,862	365,520
Share premium and reserves	56,446,194	61,083,140
	<u>56,820,056</u>	61,448,660
Non-controlling interests	(619,872)	(618,377)
	<u>56,200,184</u>	60,830,283
Net assets attributable to non-controlling unitholders of Champion REIT	<u>14,980,648</u>	<u>15,785,548</u>
	<u>71,180,832</u>	<u>76,615,831</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**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, the Great Eagle Holdings Limited and its subsidiaries (collectively referred to as the "Group") has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

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

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

### *New and amendments to HKFRSs 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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</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	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

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

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024

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 at the end of each reporting period.

#### 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>2022</u> HK\$'000	<u>2021</u> HK\$'000
Hotel income	4,841,728	2,816,730
Rental income from investment properties	2,497,221	2,581,484
Building management service income	283,162	289,296
Sales of properties	919,963	1,821,021
Sales of goods	147,209	125,942
Dividend income	24,335	15,461
Others	171,214	180,495
	<u>8,884,832</u>	<u>7,830,429</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 the "US Real Estate Fund") and each listed group, including Great Eagle Holdings Limited, Champion Real Estate Investment Trust ("Champion REIT") and Langham Hospitality Investments and Langham Hospitality Investments Limited ("Langham").

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

Hotel operation	- hotel accommodation, food and banquet operations as well as hotel management.
Property investment	- gross rental income and building management service income from leasing of furnished apartments and properties held for investment potential.
Property development	- income from selling of properties held for sale.
Other operations	- sale of building materials, flexible workspace operation, investment in securities, provision of property management, maintenance and property agency services.
Results from Champion REIT	- based on published financial information of Champion REIT.
Results from Langham	- based on financial information of Langham.
US Real Estate Fund	- based on rental income and related expenses of the property owned by the US Real Estate Fund.



## 5. SEGMENT INFORMATION - continued

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

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

### Segment revenue and results

#### 2022

	Hotel operation HK\$'000	Property investment HK\$'000	Property development HK\$'000	Other operations HK\$'000	Sub-total HK\$'000	Champion REIT HK\$'000	Langham HK\$'000	US Real Estate Fund HK\$'000	Eliminations/ reclassification HK\$'000	Consolidated HK\$'000
REVENUE										
External revenue	4,839,627	150,458	919,963	338,795	6,248,843	2,588,852	2,101	41,073	3,963	8,884,832
Inter-segment revenue	33,149	643	-	334,353	368,145	36,459	373,857	-	(778,461)	-
Total	<u>4,872,776</u>	<u>151,101</u>	<u>919,963</u>	<u>673,148</u>	<u>6,616,988</u>	<u>2,625,311</u>	<u>375,958</u>	<u>41,073</u>	<u>(774,498)</u>	<u>8,884,832</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	615,898	97,081	457,271	530,113	1,700,363	1,788,143	313,753	17,937	(113,464)	3,706,732
Depreciation					(671,128)	-	(225,765)	(321)	11,586	(885,628)
Operating profit (loss) after depreciation					1,029,235	1,788,143	87,988	17,616	(101,878)	2,821,104
Fair value changes on investment properties					(166,946)	(1,749,233)	-	(6,867)	-	(1,923,046)
Fair value changes on derivative financial instruments					268,652	-	83,085	-	-	351,737
Fair value changes on financial assets at FVTPL					(102,709)	(20,146)	-	-	-	(122,855)
Reversal of impairment loss on a hotel property					274,082	-	-	-	-	274,082
Other income					9,563	-	685	563	(1,537)	9,274
Administrative and other expenses					(488,325)	(26,823)	(11,572)	(3,429)	122	(530,027)
Allowance for credit losses on notes and interest receivables					(13,000)	(48,240)	-	-	-	(61,240)
Net finance costs					(171,502)	(425,075)	(142,221)	1,668	3,575	(733,555)
Share of results of joint ventures					(729)	(42,508)	-	-	-	(43,237)
Share of results of associates					17,102	-	-	-	-	17,102
Profit (loss) before tax					655,423	(523,882)	17,965	9,551	(99,718)	59,339
Income taxes					(232,989)	(225,442)	(12,868)	-	1,146	(470,153)
Profit (loss) for the year					422,434	(749,324)	5,097	9,551	(98,572)	(410,814)
Less: (Loss) profit attributable to non-controlling interests/non-controlling unitholders of Champion REIT					(897)	236,748	(1,663)	(4,778)	-	229,410
Profit (loss) attributable to owners of the Company					<u>421,537</u>	<u>(512,576)</u>	<u>3,434</u>	<u>4,773</u>	<u>(98,572)</u>	<u>(181,404)</u>

## 5. SEGMENT INFORMATION - continued

### Segment revenue and results - continued

2021

	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	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 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
Profit (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)
Profit (loss) for the year					161,367	(831,365)	(74,246)	914	(48,688)	(792,018)
Less: (Loss) profit attributable to non-controlling interests/non-controlling unitholders of Champion REIT					(368)	271,048	22,762	(458)	-	292,984
Profit (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>

## 6. OTHER INCOME

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Interest income on:		
Bank deposits	57,854	25,170
Financial assets at FVTPL	8,248	21,088
Notes and loan receivables	25,487	108,255
Others	4,763	8,243
	<u>96,352</u>	<u>162,756</u>
Government subsidy	51,686	173,480
Gain on disposal of property, plant and equipment	-	272
Sundry income	6,696	8,440
Bad debt recovery	70	-
	<u>154,804</u>	<u>344,948</u>

**7. FINANCE COSTS**

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Interest on bank and other borrowings	603,694	564,234
Interest on medium term notes	239,665	246,514
Interest on lease liabilities	412	718
Other borrowing costs	<u>76,802</u>	<u>125,946</u>
	920,573	937,412
Less: amount capitalised	<u>(90,666)</u>	<u>(232,141)</u>
	<u>829,907</u>	<u>705,271</u>

**8. INCOME TAXES**

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Current tax:		
Current year:		
Hong Kong Profits Tax	314,042	404,885
Other jurisdictions	<u>86,589</u>	<u>8,841</u>
	<u>400,631</u>	<u>413,726</u>
Under (overprovision) in prior years:		
Hong Kong Profits Tax	2,214	(2,924)
Other jurisdictions	<u>(3,199)</u>	<u>(38,562)</u>
	<u>(985)</u>	<u>(41,486)</u>
	<u>399,646</u>	<u>372,240</u>
Deferred tax:		
Current year	71,637	14,686
Overprovision in prior years	<u>(1,130)</u>	<u>(77,907)</u>
	<u>70,507</u>	<u>(63,221)</u>
	<u>470,153</u>	<u>309,019</u>

## 9. LOSS FOR THE YEAR

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Loss for the year has been arrived at after charging:		
Staff costs (including Directors' emoluments)	<b>2,456,920</b>	1,895,035
Share-based payments (including Directors' emoluments)	<b>20,405</b>	19,373
	<b>2,477,325</b>	1,914,408
Depreciation	<b>885,628</b>	849,367
Auditor's remuneration	<b>17,045</b>	16,225
Trustee's remuneration	<b>8,459</b>	10,131
Cost of inventories recognised as an expense	<b>944,274</b>	1,352,495
Net exchange loss (included in administrative and other expenses)	<b>33,788</b>	1,058
Loss on disposal of property, plant and equipment (included in administrative and other expenses)	<b>2,349</b>	-
Allowance for doubtful debts	<b>5,593</b>	5,617
Share of tax of associates (included in the share of results of associates)	<b>39</b>	43
Share of tax of a joint venture (included in the share of results of joint ventures)	<b>12,395</b>	3,015
and after crediting:		
Gain on disposal of property, plant and equipment (included in other income)	-	272
Dividend income from		
- equity instruments at fair value through other comprehensive income	<b>15,555</b>	10,173
- financial assets at FVTPL	<b>8,780</b>	5,288
Rental income from investment properties less related outgoings of HK\$302,499,000 (2021: HK\$256,226,000)	<b>2,194,722</b>	2,325,258

## 10. DIVIDENDS

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Dividends paid:		
- Final dividend of HK50 cents in respect of the financial year ended 31 December 2021 (2021: HK50 cents in respect of the financial year ended 31 December 2020) per ordinary share	365,520	360,396
- Special final dividend of HK50 cents in respect of the financial year ended 31 December 2021 (2021: HK50 cents in respect of the financial year ended 31 December 2020) per ordinary share	<u>365,520</u>	<u>360,396</u>
	<u>731,040</u>	<u>720,792</u>
- Interim dividend of HK33 cents in respect of the financial year ended 31 December 2022 (2021: HK33 cents in respect of the financial year ended 31 December 2021) per ordinary share	<u>246,749</u>	<u>241,243</u>
	<u>977,789</u>	<u>962,035</u>

On 21 June 2022, a final dividend of HK50 cents per ordinary share, which included scrip dividend alternatives offered to shareholders, and a special final dividend of HK50 cents per ordinary share were paid to shareholders as the final dividend in respect of the financial year ended 31 December 2021.

On 17 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.

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

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Dividends:		
Cash	98,926	100,934
Share alternative	<u>266,594</u>	<u>259,462</u>
	<u>365,520</u>	<u>360,396</u>

**10. DIVIDENDS - continued**

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Dividends proposed:		
- Proposed final dividend of HK50 cents in respect of the financial year ended 31 December 2022 (2021: HK50 cents in respect of the financial year ended 31 December 2021) per ordinary share	373,862	365,520
- Proposed special final dividend of HK50 cents in respect of the financial year ended 31 December 2021 per ordinary share	-	365,520
	<u>373,862</u>	<u>731,040</u>

The proposed final dividends in respect of the financial year ended 31 December 2022 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>2022</u> HK\$'000	<u>2021</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>(181,404)</u>	<u>(499,034)</u>
	<u>2022</u>	<u>2021</u>
<b>Number of shares</b>		
Weighted average number of shares for the purpose of basic and diluted loss per share	<u>739,861,798</u>	<u>726,045,117</u>

For the year ended 31 December 2022 and 2021, 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>2022</u> HK\$'000	<u>2021</u> HK\$'000
Trade debtors, net of allowance for doubtful debts	292,416	176,643
Deferred lease receivables	98,530	147,349
Retention money receivables	8,757	8,042
Other receivables, net of credit losses on interest receivables	176,808	216,993
Deposits and prepayments	314,252	244,725
	<u>890,763</u>	<u>793,752</u>

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

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Within 3 months	244,428	115,789
More than 3 months but within 6 months	16,026	19,142
Over 6 months	31,962	41,712
	<u>292,416</u>	<u>176,643</u>

**13. CREDITORS, DEPOSITS AND ACCRUALS**

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Trade creditors	323,691	398,685
Deposits received	709,993	776,500
Customer deposits and other deferred revenue	413,609	418,706
Construction fee payable and retention money payable	646,393	762,991
Accruals, interest payable and other payables	4,625,900	4,837,854
	<u>6,719,586</u>	<u>7,194,736</u>

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

	<u>2022</u> HK\$'000	<u>2021</u> HK\$'000
Within 3 months	312,415	382,361
More than 3 months but within 6 months	7,668	2,143
Over 6 months	3,608	14,181
	<u>323,691</u>	<u>398,685</u>