



鷹君集團有限公司
Great Eagle
Holdings Limited

Incorporated in Bermuda with limited liability (Stock Code: 41)
於百慕達註冊成立之有限公司 (股份代號：41)



INTERIM REPORT **2022**
中期報告

CORPORATE PROFILE

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

The Group's principal holdings include a 67.99% interest (as at 30 June 2022) in Champion Real Estate Investment Trust (Champion REIT), and a 69.53% interest (as at 30 June 2022) in Langham Hospitality Investments and Langham Hospitality Investments Limited (LHI). Champion REIT owns 1.64 million sq. ft. of Grade-A commercial office space in Three Garden Road in the central business district of Hong Kong, as well as the office tower and shopping mall of Langham Place comprising a total floor area of 1.29 million sq. ft. in the prime shopping district of Mongkok, Kowloon. Besides, Champion REIT also holds 27% interest in a Grade-A commercial complex located in 66 Shoe Lane of Central London. As for LHI, it owns three high quality hotels in the heart of Kowloon, including the 498-room The Langham hotel in the prime shopping district of Tsimshatsui, the 669-room Cordis hotel in the prime shopping area of Mongkok which is connected to the Langham Place Office and Mall, and the 465-room Eaton hotel located on the busy arterial Nathan Road.

The Group's development projects include two luxury residential development projects in Hong Kong, two development projects in San Francisco, U.S., a

development project in Seattle, U.S., and two hotel development projects in Tokyo, Japan and Venice, Italy respectively. The Group is also active in property management and maintenance services as well as building materials trading.

The Group's extensive international hotel portfolio currently comprises twenty-eight properties with more than 10,000 rooms, including twenty-five luxury hotels branded under The Langham, Langham Place and Cordis brands in Hong Kong, Jakarta, London, New York, Chicago, Boston, Los Angeles, Sydney, Melbourne, Gold Coast, Auckland, Shanghai, Beijing, Shenzhen, Guangzhou, Haining, Haikou, Ningbo, Xiamen, Hefei, Hangzhou and Changsha; two Eaton hotels in Washington D.C. and Hong Kong; and the Chelsea hotel in Toronto.

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

The Group had a core profit after tax of approximately HK\$1,361 million in the financial year 2021 and a net asset value (based on share of net assets of Champion REIT and LHI) of approximately HK\$66,318 million as of 30 June 2022.



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CORPORATE INFORMATION

DIRECTORS

LO Ka Shui (*Chairman and Managing Director*)

LO TO Lee Kwan[#]

WONG Yue Chim, Richard*

LEE Pui Ling, Angelina*

ZHU Qi*

LO Hong Sui, Antony

LAW Wai Duen

LO Hong Sui, Vincent[#]

LO Ying Sui[#]

LO Chun Him, Alexander

KAN Tak Kwong (*General Manager*)

CHU Shik Pui

POON Ka Yeung, Larry

[#] Non-executive Directors

* Independent Non-executive Directors

AUDIT COMMITTEE

WONG Yue Chim, Richard

LEE Pui Ling, Angelina

ZHU Qi

REMUNERATION COMMITTEE

LEE Pui Ling, Angelina (*Chairwoman*)

WONG Yue Chim, Richard

ZHU Qi

NOMINATION COMMITTEE

WONG Yue Chim, Richard (*Chairman*)

LEE Pui Ling, Angelina

ZHU Qi

FINANCE COMMITTEE

LO Ka Shui (*Chairman*)

KAN Tak Kwong

LO Chun Him, Alexander

CHU Shik Pui

COMPANY SECRETARY

WONG Mei Ling, Marina

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditor

LEGAL ADVISORS

Appleby

Clayton Utz

Clifford Chance

Jones Day

Mayer Brown

Morrison & Foerster

Pillsbury Winthrop Shaw Pittman LLP

Reed Smith Richards Butler LLP

Shartsis Friese LLP

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Citibank, N.A.

DBS Bank (Hong Kong) Limited

Hang Seng Bank Limited

Mizuho Bank, Ltd.

The Hongkong and Shanghai

Banking Corporation Limited

REGISTERED OFFICE

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Bermuda

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PRINCIPAL SHARE REGISTRAR

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4th Floor North, Cedar House

41 Cedar Avenue

Hamilton HM 12

Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited

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Wanchai, Hong Kong

WEBSITE

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STOCK CODE

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DIVIDEND NOTICE AND KEY DATES

INTERIM DIVIDEND

The Board of Directors of the Company has resolved to declare an interim dividend of HK33 cents per share (2021: HK33 cents per share) for the six months ended 30 June 2022 (the “**2022 Interim Dividend**”), payable on 13 October 2022 to the Shareholders whose names appear on the Registers of Members of the Company on Monday, 3 October 2022.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Tuesday, 27 September 2022 to Monday, 3 October 2022, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the 2022 Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong for registration not later than 4:30 p.m. on Monday, 26 September 2022.

KEY DATES

2022 Interim Results Announcement	:	26 August 2022
Ex-dividend Date	:	23 September 2022
Closure of Registers of Members	:	27 September 2022 – 3 October 2022 <i>(both days inclusive)</i>
Record Date for 2022 Interim Dividend	:	3 October 2022
Payment of 2022 Interim Dividend	:	13 October 2022

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		Change
	2022 HK\$ million	2021 HK\$ million	
Key Financials on Income Statement			
Based on core business ¹			
Revenue based on core business	2,967.0	2,563.8	15.7%
Core profit after tax attributable to equity holders	513.0	534.9	- 4.1%
Core profit after tax attributable to equity holders (per share)	HK\$0.70	HK\$0.74	
Based on statutory accounting principles ²			
Revenue based on statutory accounting principles	4,091.0	3,569.3	14.6%
Statutory profit/(loss) attributable to equity holders	123.9	(784.0)	n.m.
Interim dividend (per share)	HK\$0.33	HK\$0.33	

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

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

	As at the end of	
	June 2022	December 2021
Key Financials on Balance Sheet		
Based on share of Net Assets of Champion REIT, LHI and the U.S. Fund (core balance sheet) ¹		
Net gearing	10.9%	10.5%
Book value (per share)	HK\$88.7	HK\$94.1
Based on statutory accounting principles ²		
Net gearing ³	36.4%	34.0%
Book value (per share)	HK\$78.3	HK\$84.1

¹ The Group's core balance sheet is derived from our share of net assets of LHI based on its reported results. As the hotels owned by LHI are classified as investment properties, the values of these hotels were marked to market in LHI's reported results. More details about the balance sheet derived from our share of net assets in Champion REIT, LHI and the U.S. Fund are set out on page 7.

² As for the Group's balance sheet prepared under the statutory accounting principles, the entire debts of Champion REIT, LHI and the U.S. Fund were consolidated in aggregate. However, the Group only owns a 67.99%, 69.53% and 49.97% equity stake of Champion REIT, LHI and the U.S. Fund respectively as at the end of June 2022.

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

MANAGEMENT DISCUSSION AND ANALYSIS

CORE PROFIT - FINANCIAL FIGURES BASED ON CORE BUSINESS

	Six months ended 30 June		Change
	2022 HK\$ million	2021 HK\$ million	
Revenue from core business			
Revenue from property sales	539.6	957.6	- 43.7%
Hotels Division	1,591.3	725.9	119.2%
Management fee income from Champion REIT	168.8	185.6	- 9.1%
Distribution income from Champion REIT [^]	430.8	478.5	- 10.0%
Distribution income from LHI [^]	–	–	–
Gross rental income	74.2	76.4	- 2.9%
Other operations	162.3	139.8	16.1%
Total revenue	2,967.0	2,563.8	15.7%
Income from property sales	263.4	424.3	- 37.9%
Hotels EBITDA	131.9	(270.6)	n.m.
Management fee income from Champion REIT	168.8	185.6	- 9.1%
Distribution income from Champion REIT [^]	430.8	478.5	- 10.0%
Distribution income from LHI [^]	–	–	–
Net rental income	48.9	54.3	- 9.9%
Operating income from other operations	69.4	54.4	27.6%
Operating income from core business	1,113.2	926.5	20.2%
Depreciation	(175.3)	(158.9)	10.3%
Administrative and other expenses	(270.0)	(191.2)	41.2%
Other income	4.2	5.1	- 17.6%
Interest income	18.7	46.7	- 60.0%
Finance costs	(95.1)	(77.0)	23.5%
Share of results of joint ventures	1.8	(6.0)	n.m.
Share of results of associates	(7.7)	3.6	n.m.
Core profit before tax	589.8	548.8	7.5%
Income taxes	(77.1)	(13.8)	458.7%
Core profit after tax	512.7	535.0	- 4.2%
Non-controlling interest	0.3	(0.1)	n.m.
Core profit attributable to equity holders	513.0	534.9	- 4.1%

[^] Under the Group's statutory profit, interim 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:

30 June 2022

	Assets HK\$ million	Liabilities HK\$ million	Net Assets HK\$ million
Great Eagle operations	44,000	17,173	26,827
Champion REIT	45,362	11,944	33,418
LHI	10,533	4,738	5,795
U.S. Fund	434	156	278
	100,329	34,011	66,318

31 December 2021

	Assets HK\$ million	Liabilities HK\$ million	Net Assets HK\$ million
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

	Six months ended 30 June		Change
	2022 HK\$ million	2021 HK\$ million	
Revenue based on statutory accounting principles			
Revenue from property sales	539.6	957.6	- 43.7%
Hotels Division	2,008.3	1,010.1	98.8%
Gross rental income	74.2	76.4	- 2.9%
Other operations (including management fee income from Champion REIT)	331.1	325.4	1.8%
Gross rental income - Champion REIT	1,330.8	1,397.3	- 4.8%
Gross rental income - LHI	203.6	112.5	81.0%
Gross revenue - U.S. Fund	21.0	34.0	- 38.2%
Elimination on intragroup transactions	(417.6)	(344.0)	21.4%
Consolidated total revenue	4,091.0	3,569.3	14.6%
Income from property sales	263.4	424.3	- 37.9%
Hotels EBITDA	131.9	(270.6)	n.m.
Net rental income	48.9	54.3	- 9.9%
Operating income from other operations (including management fee income from Champion REIT)	238.2	240.0	- 0.8%
Net rental income - Champion REIT	917.7	995.6	- 7.8%
Net rental income - LHI	171.9	92.5	85.8%
Net operating income - U.S. Fund	9.7	4.8	102.1%
Elimination on intragroup transactions	(26.3)	(33.2)	- 20.8%
Consolidated segment results	1,755.4	1,507.7	16.4%
Depreciation	(446.2)	(412.5)	8.2%
Fair value changes on investment properties	(548.9)	(1,864.6)	- 70.6%
Fair value changes on derivative financial instruments	286.3	167.0	71.4%
Fair value changes on financial assets at fair value through profit or loss	(83.5)	26.6	n.m.
Administrative and other expenses	(264.9)	(203.2)	30.4%
Allowance for credit losses on notes receivables	(36.4)	-	n.a.
Other income (including interest income)	33.8	99.0	- 65.9%
Finance costs	(349.3)	(367.1)	- 4.8%
Share of results of joint ventures	40.1	19.8	102.5%
Share of results of associates	(7.7)	3.6	n.m.
Statutory profit/(loss) before tax	378.7	(1,023.7)	n.m.
Income taxes	(211.6)	(138.8)	52.4%
Statutory profit/(loss) after tax	167.1	(1,162.5)	n.m.
Non-controlling interest	(25.3)	14.1	n.m.
Non-controlling unitholders of Champion REIT	(17.9)	364.4	n.m.
Statutory profit/(loss) attributable to equity holders	123.9	(784.0)	n.m.

OVERVIEW

The management's discussion and analysis below focuses on the core profit of the Group. The first half of 2022 has been filled with challenges including the drastic surge of Omicron variant infection cases in Hong Kong during February and March, the rapid interest rate hikes in the US brought by the record-high inflation, as well as geopolitical tension resulted from the Russia-Ukraine War. Their impacts continued to weigh on our businesses. The Group's core profit was HK\$513.0 million in the first half of 2022 and 4.1% below that of last year (1H 2021: HK\$534.9 million). The spike of COVID-19 cases and its related social distancing measures put in place during early 2022 deterred sales activities, while the subsequent interest rate hikes in the US impacted on market confidence. ONTOLO sales continuously progressed at a slower pace for the remaining larger units. Nonetheless, strong growth has been witnessed for the performance of our overseas hotels particularly in the UK and the US following the lifting of travel restriction and social distancing measures. The Group's statutory results for the period came to a profit attributable to equity holders of HK\$123.9 million (1H 2021: loss of HK\$784.0 million), mainly due to a significant reduction in revaluation deficit on investment properties.

Acquired in early 2021, the Ho Man Tin residential project with a gross floor area of approximately 742,000 sq. ft., or a saleable area of 660,000 sq. ft. that planned with 990 apartments progresses well. Works are on schedule and foundation works have been mostly completed. Presale is planned for the first half of 2023, whilst completion of construction for handover is scheduled for the last quarter of 2024.

During the period, our overseas hotels performance recorded a significant improvement as demand started to emerge again from both corporate and leisure ends after the wider lifting of travel restrictions. This can be seen from the improved room rates and occupancies for our hotels in the UK and the US respectively. For hotels in the Pacific, the recovery is slightly slower given the lockdown and travel restriction in place during early 2022. The performance of our hotels in Mainland China were adversely impacted during the extended lockdown of Shanghai between April and May 2022. With the pick-up of performance from the overseas hotels and the appropriate implementation of cost controls amidst inflationary pressure on general and labour costs, and scale-down of operations for hotels particularly in China, the Hotels Division recorded an EBITDA at HK\$131.9 million in the first half of 2022 (1H 2021: loss of HK\$270.6 million). Nevertheless, Hong Kong hotels are still highly affected by the fluctuations in the COVID-19 pandemic situation although there was a moderate recovery in the hotels' business for the first half of 2022. LHI did not declare any interim distribution for the first half of 2022 (1H 2021: nil). The withheld of such distribution is mainly attributable to the minimal distribution amount available and the associated administrative expenses.

Distribution income from Champion REIT dropped by 10.0% year-on-year to HK\$430.8 million in the first half of 2022 (1H 2021: HK\$478.5 million). Management fee income from Champion REIT fell by 9.1% year-on-year to HK\$168.8 million in the first half of 2022 (1H 2021: HK\$185.6 million).

With the continuous border closures and lower economic demand, the net rental income from our investment portfolio, mainly Great Eagle Centre and Eaton Residence Apartments, dropped by 9.9% in the first half of 2022 from HK\$54.3 million to HK\$48.9 million.

Profit from the Group's other business operations rose 27.6% to HK\$69.4 million in the first half of 2022 (1H 2021: HK\$54.4 million) mainly as a result of improved economic environment comparing to the corresponding period last year.

Driven mainly by the improved performance of Hotels Division but partially offset by reduced income from sale of ONTOLO units, the Group's operating income rose 20.2% to HK\$1,113.2 million in the first half of 2022 (1H 2021: HK\$926.5 million).

Administrative and other expenses rose 41.2% to HK\$270.0 million in the first half of 2022 (1H 2021: HK\$191.2 million) caused by higher staffing cost and increased professional fees for refinancing, acquisition and investment activities. In addition, impairment of HK\$18.0 million against one of the Group's bond receivables due to a significant increase in credit risk of the counterparty, and write-off of HK\$17.4 million in respect of a non-core venture capital fintech investment were also recorded in the reporting period.

The Group's net finance costs increased to HK\$76.4 million during the reported period (1H 2021: HK\$30.3 million) due to reduction in cash holdings and investments in high yield bonds, as well as increased bank loans utilised comparing to the same period last year. Share of result from associates came to a loss of HK\$7.7 million in the first half of 2022 (1H 2021: share of profits of HK\$3.6 million), largely arising from a newly acquired associate consumer food business which was highly seasonal and used to be more prominent in the second half of a year. Core profit attributable to equity holders dropped slightly by 4.1% to HK\$513.0 million in the first half of 2022 (1H 2021: HK\$534.9 million).

Despite the prevailing market and geo-political uncertainties, Great Eagle's financial position remains healthy and the Group is expected to navigate through possible challenges brought by the pandemic and rising interest rates. With available banking facilities and Medium Term Note Programme, the Group will be able to have diverse and flexible funding channels to grasp potential opportunities.

BUSINESS REVIEW

Breakdown of Operating Income	Six months ended 30 June		
	2022 HK\$ million	2021 HK\$ million	Change
1. Income from property sales	263.4	424.3	- 37.9%
2. Hotels EBITDA	131.9	(270.6)	n.m.
3. Income from Champion REIT	599.6	664.1	- 9.7%
4. Distribution Income from LHI	–	–	–
5. Net Rental Income from investment properties	48.9	54.3	- 9.9%
6. Operating Income from other operations	69.4	54.4	27.6%
Operating income from core business	1,113.2	926.5	20.2%

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 a saleable area of 635,612 sq. ft., comprises 723 luxury residential units and 456 parking spaces, and was completed in the fourth quarter of 2020. An aggregate of 601 residential units (representing a saleable area of 445,676 sq. ft.) and 157 carparks had been sold as at the end of June 2022. During the reported period, average sales price for the residential units reached HK\$24,100 per sq. ft. based on saleable area, and HK\$2.51 million per unit for parking spaces.

During the first half of 2022, the Group had handed over 23 residential units and 19 carparks respectively to the buyers. ONTOLO contributed sales revenue of HK\$539.6 million and operating profit of HK\$263.4 million respectively for the period ended 30 June 2022.

2. HOTELS DIVISION



Hotels Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (local currency)		RevPAR (local currency)	
	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021
Europe								
The Langham, London	380	380	54.6%	4.7%	487	416	266	20
North America								
The Langham, Boston [#]	299	304	36.5%	2.0%	480	482	175	10
The Langham Huntington, Pasadena	379	379	49.5%	22.3%	382	347	189	77
The Langham, Chicago	315	316	54.9%	26.2%	509	439	280	115
The Langham, New York, Fifth Avenue	234	234	58.3%	21.0%	674	552	393	116
Eaton, Washington D.C.	209	209	53.2%	20.7%	275	160	147	33
Chelsea Hotel, Toronto	1,590	1,590	58.7%	12.1%	142	106	83	13
Australia / New Zealand								
The Langham, Melbourne	388	388	47.4%	27.9%	368	320	174	89
The Langham, Sydney	96	96	54.4%	41.8%	564	519	307	217
Cordis, Auckland [*]	639	387	21.1%	39.9%	239	217	50	87
Mainland China								
The Langham, Shanghai, Xintiandi	356	353	39.0%	68.2%	1,038	1,235	405	842
Cordis, Shanghai, Hongqiao	393	394	42.3%	62.8%	743	763	314	479

[#] Re-opened in the second quarter of 2021 after the hotel has been closed for renovation from April 2019

^{*} The new Pinnacle Tower extension of Cordis, Auckland opened in December 2021

	Six months ended 30 June		
	2022 HK\$ million	2021 HK\$ million	Change
Hotels revenue			
Europe	259.1	28.1	822.1%
North America	927.7	231.4	300.9%
Australia / New Zealand	267.4	229.4	16.6%
Mainland China	91.4	187.3	- 51.2%
Others (including hotel management fee income)	45.7	49.7	- 8.0%
Total hotels revenue	1,591.3	725.9	119.2%
Hotels EBITDA			
Europe	61.6	(22.5)	n.m.
North America	131.1	(161.8)	n.m.
Australia / New Zealand	(4.5)	(18.7)	- 75.9%
Mainland China	(11.7)	33.6	n.m.
Others (including hotel management fee income)	(44.6)	(101.2)	- 55.9%
Total hotels EBITDA	131.9	(270.6)	n.m.

The performance of our overseas hotels for the first six months of 2022 varied. Business in London and North America witnessed a significant improvement following the easing of COVID-19 restrictions. Room performance showed a strong recovery supported by the pent-up leisure demand at high retail rates, together with gradual recovery in corporate and group business. Our hotels in the Pacific also began to recover slowly in the second quarter with gradual resumption of international travel. For Greater China region, the performance was largely impacted by the travel restriction and lockdowns (especially in Shanghai) during the second quarter. These restrictions have severely impacted our operations.

Total revenue for the Hotels Division recorded a 119.2% year-on-year growth to HK\$1,591.3 million in the first half of 2022. After taking into account of rental payment to LHI, there was a net operating loss of HK\$72.6 million (1H 2021: HK\$129.8 million) incurred by the Group as the lessee of LHI's hotels, which were included under the item "Others" in the above Hotels EBITDA table. Overall, the Hotels Division reported an EBITDA of HK\$131.9 million in the first half of 2022 (1H 2021: loss of HK\$270.6 million), which had also included HK\$23.4 million government subsidies received during the reported period (1H 2021: HK\$43.6 million).

EUROPE

The Langham, London

The Langham, London performed well in the first half of 2022 reflecting the economic recovery of the city. Room revenue was driven up by high-rated Middle East and domestic travellers with corporate and group activities gradually returning to the market. Nevertheless, the surging inflation and rising prices in the UK will be a challenging factor in the second half of the year.

NORTH AMERICA

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

The room performance of all our US hotels saw accelerated growth as the first half unfolded with strength in leisure travel driving increased rates and occupancy. Additionally, there had been a rebound in corporate and group travel as exhibitions, entertainment and sporting events return to the market.

Chelsea Hotel, Toronto

The room performance was supported by steady demand from the university students residence program ended in April 2022, while May 2022 saw a return of leisure demand particularly on weekends, with room rates reaching double-digit growth compared to last year. However, restaurants and banquets business continued to be slow to recover.

During the first half of 2022, 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 would 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 and resubmission was made in May 2022 addressing City's prior comments. Our development team has 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 were impacted by the increasing infection rates in Australia during the first quarter. Since the reopening of international borders, corporate and group business have been gradually returning to the market. Both hotels have seen rooms business sustained by local leisure demand particularly on weekends.

Cordis, Auckland

The ban on international travel was gradually lifted in phases from April and fully opened in July. Room performance has been slow to recover due to the reliance on domestic leisure business, whilst corporate and meetings business has not yet fully returned to the market.

The new Pinnacle Tower extension has received positive feedback since its opening late last year.

MAINLAND CHINA

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

Our Shanghai hotels saw stable performance in the first two months this year. However, business was heavily impacted by the rapid spread of COVID-19 cases from mid-March resulting in a two-month lockdown in Shanghai across April and May. Both hotels were benefited from providing accommodation to medical groups in the second quarter of the year.

Hotel Management Business

As at the end of June 2022, there were 13 hotels with approximately 3,600 rooms in our management portfolio. The most recent hotel added to the portfolio was The Langham Gold Coast, Australia which soft opened in June 2022 with 169 available guestrooms. The remainder portion including 170 apartments, will open from August 2022 onwards.

The Group has started to launch a new midscale hotel brand named Ying'nFlo to expand its hospitality business in Mainland China.

3. INCOME FROM CHAMPION REIT



The Group's core profit was 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 the first half of 2022 dropped by 9.7% to HK\$599.6 million. Of which, distribution income decreased by 10.0% year-on-year to HK\$430.8 million, as Champion REIT declared a 11.1% decline in distribution per unit while our holdings in Champion REIT increased from 67.32% as at the end of June 2021 to 67.99% as at the end of June 2022. Given the decline in the net property income of Champion REIT, overall management fee income from Champion REIT dropped by 9.1% to HK\$168.8 million in the first half of 2022.

	Six months ended 30 June		
	2022 HK\$ million	2021 HK\$ million	Change
Attributable distribution income	430.8	478.5	- 10.0%
Management fee income	168.8	185.6	- 9.1%
Total income from Champion REIT	599.6	664.1	- 9.7%

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

Three Garden Road

Occupancy of the property was affected by relocation and downsizing of tenants, falling to 83.8% as at 30 June 2022 (31 December 2021: 89.0%). Demand from the financial industry weakened considerably amid market turbulence during the period. Negative rental reversion trend continued given the abundant existing and upcoming supplies in the market. Passing rents of the property decreased to HK\$103.4 per sq. ft. (based on lettable area) (31 December 2021: HK\$108.3 per sq. ft.). The lower average occupancy and lower passing rents drove down total rental income of the property to HK\$689 million (1H 2021: HK\$735 million). Net property operating expenses decreased slightly by 1.2% to HK\$69 million (1H 2021: HK\$70 million). The increase in rental commission was compensated by lower government rent and rates as a result of lower assessable value as well as lower repair and maintenance expenses. Net property income decreased by 6.7% to HK\$620 million (1H 2021: HK\$665 million).

Langham Place Office Tower

The higher average occupancy in the first half of 2022 compared with last year offset the impact of negative rental reversion, resulting in a growth of 1.6% in rental income to HK\$181 million (1H 2021: HK\$178 million). Occupancy stood at

94.5% as at 30 June 2022 compared with 91.0% as at 30 June 2021 but was lower than 96.3% as at 31 December 2021. Market rentals trended down amid the market standstill. Passing rents of the property lowered to HK\$46.3 per sq. ft. (based on gross floor area) as at 30 June 2022 compared with HK\$47.1 per sq. ft. as at 31 December 2021. Net property income increased by 1.6% to HK\$164 million (1H 2021: HK\$162 million). Net property operating expenses went up slightly to HK\$17 million (1H 2021: HK\$16 million), mainly due to allowance for credit loss of HK\$2 million.

Langham Place Mall

The mall remained fully occupied as at 30 June 2022 notwithstanding the difficult operating environment of the retail market. Average passing rents dropped to HK\$154.5 per sq. ft. (based on lettable floor area) as at 30 June 2022 (31 December 2021: HK\$165.9 per sq. ft.). Total rental income decreased by 6.0% to HK\$326 million (1H 2021: HK\$347 million). Negative rental reversion combined with the nominal base rent structure of Langham Beauty suppressed the base rent portion by 17.4% to HK\$253 million (1H 2021: HK\$306 million). This rental structure contributed to the growth in turnover rent portion to HK\$51 million (1H 2021: HK\$15 million). Net property operating expenses increased to HK\$66 million (1H 2021: HK\$36 million) mainly due to operating expenses incurred for Langham Beauty. Net promotion expenses earmarked to boost sales and footfall of the mall increased by HK\$2 million. Net property income declined 16.3% to HK\$260 million (1H 2021: HK\$310 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 on distributions, the Group's core profit will be derived from the attributable distribution income. We believe this will better reflect the financial return and economic interest attributable to our investment in LHI. This treatment is also consistent with our practice in accounting for returns from our investment in Champion REIT, which also focuses on distributions.

In the first half of 2022, LHI did not declare a distribution despite improvement in the performance taking into consideration of minimal distribution amount available and the associated administrative expenses.

Performances of the Hong Kong hotels below were extracted from the 2022 interim 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\$)	
	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021
The Langham, Hong Kong	498	498	70.6%	20.6%	1,644	1,137	1,160	235
Cordis, Hong Kong	668	667	71.1%	26.2%	1,501	1,008	1,067	264
Eaton HK	465	465	76.3%	35.9%	1,096	522	836	188

The Langham, Hong Kong

The Langham, Hong Kong, participated in the Community Isolation Facility (“**CIF**”) Hotel Scheme by providing accommodation to COVID-19 patients with mild symptoms from March to the end of May 2022. Due to the decrease in confirmed cases, from 1 May the hotel swapped into operating as a Q-Hotel (hotel in the Designated Quarantine Hotel Scheme) for providing quarantine accommodation to overseas travellers or returning residents. In view of the immense demand for Q-Hotels, the hotel has agreed to continue to operate as a Q-Hotel until 31 October 2022.

Due to the changes of the operating mode to a CIF/Q-Hotel, the hotel witnessed a 70.6% occupancy in the first half of 2022, as compared with a 20.6% occupancy posted in the first half of 2021. The average room rate increased by 44.6% year-on-year in the first half of 2022.

While the room revenue soared 394.2% year-on-year in the first half of 2022, Food & Beverage (“**F&B**”) revenue for the hotel declined 59.2% year-on-year in the first half of 2022, mainly due to the temporary closure of all F&B outlets under the CIF Hotel Scheme. Nevertheless, the total revenue of the hotel increased by 58.7% year-on-year in the first half of 2022. Excluding the increase of HK\$2.8 million in the Employment Support Scheme and other government subsidies that are recorded in other revenue, total revenue for the hotel increased 55.7% year-on-year in the first half of 2022.

Cordis, Hong Kong

Cordis, Hong Kong, 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. Since this time the hotel was operated as a Q-Hotel offering quarantine accommodation to overseas travellers or returning residents until the end of July 2022. As a result, the hotel witnessed a 71.1% occupancy in the first half of 2022, as compared with a 26.2% occupancy posted in the first half of 2021. The average room rate grew 48.9% year-on-year in the first half of 2022.

F&B revenue decreased by 64.2% year-on-year in the first half of 2022, mainly due to the temporary closure of all F&B outlets when the hotel operated as CIF/Q-Hotel under the CIF Hotel Scheme and the continued closure of the banquet business when operated as a Q-Hotel. This decrease in F&B has been more than compensated by the increase in room revenue. The room revenue rose by 305.1% year-on-year in the first half of 2022. Overall, the total revenue of the hotel improved 41.1% year-on-year in the first half of 2022. Excluding the increase of HK\$3.0 million in Employment Support Scheme and other government subsidies that are recorded in other revenue, total revenue for the hotel increased 38.8% year-on-year in the first half of 2022.

In view of the immense demand for Q-Hotels, the hotel has agreed to continue to operate as a Q-Hotel until 31 October 2022.

Eaton HK

Eaton HK, managed to deliver a 76.3% occupancy for first half of 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 the staff from Hospital Authority for three months from mid-March to mid-June. As a result, the average room rate improved 110.0% year-on-year in the first half of 2022. Total room revenue increased by 345.3% year-on-year in the first half of 2022.

On the other hand, revenue from F&B at the Eaton HK decreased by 18.7% year-on-year in the first half of 2022, mainly due to the temporary closure of various F&B outlets at different times in the first half of 2022. The growth in room revenue in the first half of 2022 has offset the decline in F&B revenue. The total revenue of the hotel improved 54.6% year-on-year in the first half of 2022. Excluding the increase of HK\$6.4 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 the first half of 2022.

5. RENTAL INCOME FROM INVESTMENT PROPERTIES



	Six months ended 30 June		
	2022 HK\$ million	2021 HK\$ million	Change
Gross rental income			
Great Eagle Centre	41.5	49.3	- 15.8%
Eaton Residence Apartments	14.3	12.3	16.3%
Others	18.4	14.8	24.3%
	74.2	76.4	- 2.9%
Net rental income			
Great Eagle Centre	34.3	46.3	- 25.9%
Eaton Residence Apartments	7.7	5.2	48.1%
Others	6.9	2.8	146.4%
	48.9	54.3	- 9.9%

Great Eagle Centre

	As at the end of		
	June 2022	June 2021	Change
Office (on lettable area)			
Occupancy	62.3%	63.7%	- 1.4ppt
Average passing rent	HK\$58.2	HK\$69.3	- 16.0%
Retail (on lettable area)			
Occupancy	92.2%	94.4%	- 2.2ppt
Average passing rent	HK\$68.5	HK\$87.8	- 22.0%

The rental performance of Great Eagle Centre was impacted by the increasing supply of office space in Hong Kong as a whole and the subdued demand caused by the COVID-19 pandemic. The Group's overall rental income for the Great Eagle Centre fell 15.8% year-on-year to

HK\$41.5 million in the first half period (1H 2021: HK\$49.3 million). Office occupancy dropped 1.4 percentage points to 62.3% as of end June 2022 due to certain lease expiries, whilst the average passing rents of office space recorded a drop by 16% to HK\$58.2 per sq. ft.

Eaton Residence Apartments

	Six months ended 30 June		
	2022	2021	Change
(on gross floor area)			
Occupancy	54.9%	69.8%	- 14.9ppt
Average net passing rent	HK\$22.2	HK\$16.7	32.9%

The Group's overall rental income for Eaton Residence Apartments recorded a 16.3% growth at HK\$14.3 million in the first half of 2022 (1H 2021: HK\$12.3 million). Eaton Residence at Village Road and Wan Chai Gap Road continued to see steady occupancy levels supported by relocation, corporate and leisure segments. The Blue Pool Road property resumed business on 1 January 2022 following completion

of refurbishment, and the increasing space availability had lowered the overall occupancy to 54.9% in the first half of 2022 from 69.8% in the first half of 2021. The refurbished Blue Pool Road property had been positively received by the market, and it had driven up the overall net passing rent to HK\$22.2 per sq. ft. in the first half of 2022 from HK\$16.7 per sq. ft. in the first half of 2021.

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 securities portfolio or other investments. Benefitted from the general recovery of domestic activities, operating income from other business operations rose by 27.6% to HK\$69.4 million in the first half of 2022 (1H 2021: HK\$54.4 million).

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:

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, 62 apartments were leased as of end June 2022. The property had been put on the market for a bulk sale. Offers received subsequent to 30 June 2022 are being studied and the sale is expected to close in the second half of 2022.

CONSUMER SECTOR

In April, the Group completed its investment in 40% equity interest of 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. The Group is diversifying into consumer business starting with pastry. Meanwhile, the Group is also working on acquisition of partial interest in a fast food retail chain where transaction is expected to complete by the end of this year.

TECHNOLOGIES AND VENTURE CAPITAL INVESTMENT

The Group, in addition to its core businesses, is also keen to explore other investment opportunities with potential. The Group intends to deploy appropriate resources to invest as venture capital in high-tech and biotech companies. Investment focus is mainly on sectors that possess the greatest potential including

semiconductor, AI and big data, 5G, healthcare services, medical devices, biotechnology and clean sustainable technology. The targets will be largely early stage investments, with a view of good returns as well as possible synergies with the Company's main business. As of June 2022, the Group has cumulatively closed 12 technologies and venture capital investments totaling US\$26.8 million (equivalent to HK\$209 million).

DEVELOPMENT PROJECTS



HONG KONG AND MAINLAND CHINA

Ho Man Tin Residential Development Project

This project comprised of a gross floor area of approximately 742,000 sq. ft., or a saleable area of 660,000 sq. ft., involves the development of 990 apartments above Ho Man Tin MTR station under a Development Agreement with MTR Corporation Limited. Works are on schedule and foundation works have been mostly completed. Completion of construction for handover is scheduled to be in the fourth quarter of 2024.

Dalian Mixed-use Development Project

The Dalian project was sold to a third party in July 2019. As at the end of June 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 had been submitted to the local government, and the contractor tender process had commenced in May 2019. However, as preliminary tender submissions received exceeded the budgeted amount, value engineering exercises are currently being undertaken to reduce construction costs with a view to meet the budgeted sum, and construction will only commence after reaching a satisfactory outcome.

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 achieve a gross floor area of approximately 139,000 sq. ft. with 206-key. A revised design was submitted in August 2018 to the City of San Francisco and was approved in September 2020. Hearing for entitlement approval will take place after a satisfactory agreement can be reached with the local union. Meanwhile, a further study on profitability is being carried out due to the uncertain market conditions and high construction costs in San Francisco. The project has been put on hold and plans for an alternative exit strategy are also being considered for this site.

San Francisco Hotel Redevelopment Project, 555 Howard Street

555 Howard Street is a redevelopment project located right across the new Transbay Transit Center, the 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 unentitled site with an estimated gross floor area of 430,000 sq. ft. for US\$45.6 million in April 2015.

The world's renowned international architecture firm Renzo Piano Building Workshop has been commissioned to design this prestigious project in collaboration with the acclaimed California architect Mark Cavagnero Associates. The plan is to build a hotel with 400+ keys. Entitlement for the hotel scheme was submitted in December 2018 and the project was approved unanimously by the Planning Commission on 24 September 2020 at a Public Hearing. The project has three years to obtain an approved building permit. Meanwhile, we are reassessing the project's return due to uncertain market conditions and the severe escalation of construction costs in San Francisco. The project has been put on hold and plans for an alternative exit strategy are also being considered for this site.

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 expand the development's gross floor area to 553,000 sq. ft., and incorporate residential component to the project, so as to further enhance the financial attractiveness of this mixed-use luxury hotel and condominium project. We have again 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 for EUR32.5 million in December 2019. The project is a combination of restoration to historic structures and new build construction that will consist of 136 keys with a total gross floor area of approximately 170,000 sq. ft. The project utilises an existing building permit with the design to be modified and re-permitted as required to achieve the standards of the Langham brand.

World-renowned architect Matteo Thun is designing the hotel. Building Permit approval was granted in April 2022. The Group is currently working on the final design stage for the Shell and Core package, and reviewing the construction cost which has been largely impacted by the high inflation as a result of the prevailing Russia-Ukraine Crisis.

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

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 30 June 2022 was HK\$27,850 million, an increase of HK\$570 million compared to that of 31 December 2021. The increase in net borrowings was mainly due to the additional loan drawn for development projects.

Equity Attributable to Shareholders, based on a professional valuation of the Group's investment properties as of 30 June 2022 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK\$58,569 million, representing a decrease of HK\$2,880 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 drop on investment in LCID.US and investment properties, as well as distribution of dividends during the period.

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 67.99%, 69.53% 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 30 June 2022 was 36.4%

(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 30 June 2022	On consolidated basis HK\$ million	On core balance sheet basis HK\$ million
Great Eagle	7,259	7,259
Champion REIT	14,258	–
LHI	6,178	–
U.S. Fund	155	–
Net debts	27,850	7,259
Net debts attributable to Shareholders of the Group	21,325	7,259
Equity attributable to Shareholders of the Group	58,569	66,318
Net gearing ratio[^]	36.4%	10.9%

[^] 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 in prior years and in order to enhance return to Shareholders, the Group has been prudently investing in quality short-term bonds that were intended to be held to maturity, principal protected notes with reputable banks and financial institutions as counter-parties and selected quality equities. As at 30 June 2022, the market value of these bonds and notes amounted

to HK\$238 million and invested securities amounted to HK\$2,581 million which included LCID.US shares worth HK\$1,816 million. Should these amounts be taken into account, the consolidated net borrowings and gearing ratio would be reduced to HK\$18,506 million and 31.6% respectively. The net debt based on sharing of net assets of Champion REIT, LHI and the U.S. Fund would correspondingly decrease to HK\$4,440 million and 6.7%.

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 30 June 2022 amounted to HK\$32,895 million (31 December 2021: HK\$33,502 million). Bank borrowings amounting to HK\$14,050 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.

Outstanding gross debts ⁽¹⁾⁽²⁾	Floating rate debts HK\$ million	Fixed rate debts HK\$ million	Utilised facilities HK\$ million
Bank borrowings	17,942	7,646 ⁽⁴⁾	25,588 ⁽³⁾
Medium term notes	–	7,087	7,087 ⁽³⁾
Other borrowings	–	220	220 ⁽³⁾
Total	17,942	14,953	32,895
%	54.5%	45.5%	100%

⁽¹⁾ All amounts are stated at face value.

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

⁽³⁾ Equivalence of HK\$5,237 million bank borrowings, HK\$5,387 million medium term notes and HK\$220 million other borrowings were originally denominated in other currencies.

⁽⁴⁾ Included floating rate debts which had been swapped to fixed rate debts. As at 30 June 2022, the Group had outstanding interest rate swap contracts of a notional amount of HK\$7,031 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 30 June 2022, our cash, bank deposits and undrawn loan facilities amounted to a total of HK\$14,398 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 30 June 2022:

Within 1 year	18.3%
More than 1 year but not exceeding 2 years	48.9%
More than 2 years but not exceeding 5 years	24.9%
More than 5 years	7.9%

FINANCE COST

The net consolidated finance cost during the period was HK\$346 million of which HK\$27 million was capitalised to property development projects. Overall net interest cover at the reporting date was 4.4 times.

PLEDGE OF ASSETS

At 30 June 2022, properties of the Group with a total book carrying value of approximately HK\$19,969 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 30 June 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\$8,674 million (31 December 2021: HK\$9,387 million) of which HK\$824 million (31 December 2021: HK\$888 million) has 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.

OUTLOOK

The prevailing pandemic, growing inflationary pressure causing tightening of monetary policy in the western countries and the rising geo-political tensions are expected to continue weighing on the Group's businesses. Nevertheless, the outlook for our hotel business is becoming more positive. On the hope that there is no further outbreak from evolution of new virus variants and with the lifting of travel restriction and quarantined rules, our overseas' hotel operations would continue the recovery with growing demand for cross-border travelling from both corporate and leisure ends. The performance of hotels in Hong Kong would ultimately be dependent on the reopening of the Mainland-Hong Kong border, which is uncertain. Operation of hotels in China will revive if the onshore COVID-19 cases are contained and extensive lockdown is avoided. Meanwhile, as inflationary pressure on labour cost increases, the Group continues to navigate through the difficult times with efficient cost controls, coupled with flexible and appropriate operational policies to cope with rapidly changing market conditions. The Group will also seize the market low and continue to look for suitable acquisition opportunities including but not limited to mid-scale hotels or chains.

The residential market of Hong Kong particularly the secondary sector has been showing signs of deterioration as a result of the combined impact of COVID-19 pandemic, anticipation of continuing interest rate rise, as well as concern of global geopolitical tension and possible economic recession. Investment demand has been remaining subdued attributable partly to the continuous border closure with Mainland China. Based on the data from Centa-City Leading Index, average residential transaction prices in Hong Kong slipped by 4% during the first half of 2022 and the trend is likely to continue for the remainder of 2022. Such price down trending may gradually diffuse into the currently still strong first-hand market causing reduction of release prices of projects for sale in the pipeline. In this regard, the Group remains cautious about the sale of the remainder units at ONTOLO in Pak Shek Kok, as well as the presale of the new Ho Man Tin project which is tentatively planned to launch in the first quarter of 2023. The Group will closely monitor the market development and take appropriate and flexible strategies to mitigate the potential impact. We are, however, optimistic of the longer term prospect of Hong Kong properties.

The business performance of Champion REIT will remain challenging. The downside risks in rental income and distribution for 2022 prevail despite improvement in the retail market as the overall new and renewal levels are lower than the passing rental. The REIT manager will continue to take a prudent approach towards acquisition opportunities arising in the slowing economy and the turbulent periods ahead. The REIT manager will also continue to collaborate closely with tenants and stakeholders in the unprecedented times.

The uncertainties of the timing for sustainable recovery of the local hospitality market continues to pose risk to the performance of LHI for the remainder of 2022. LHI will continue to monitor the development and work diligently to tackle the difficulties ahead.

With the rising uncertainties brought by the combination of ongoing pandemic, geo-political tensions, high inflation and widespread tightening of monetary policies, the Group would remain cautious and focus on managing the impacts of these disrupting factors on our businesses. We shall stay vigilant and be able to promptly respond to the potential deterioration in our businesses at home and abroad. Nonetheless, given our low gearing and good liquidity coupled with a strong balance sheet, we believe that we are in a relatively good position to ride out the said uncertainties and, at the same time, we will continue to identify attractive investment opportunities that may arise during this uniquely challenging period.

LO Ka Shui

Chairman and Managing Director

Hong Kong, 26 August 2022

DIRECTORS' BIOGRAPHICAL INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, the information of Directors of the Company subsequent to the publication of the 2021 Annual Report of the Company and up to the date of this Interim Report, are updated as follows:

Dr. LO Ka Shui

Chairman and Managing Director

Dr. LO Ka Shui, aged 75, has been a member of the Board since 1980. He is a substantial shareholder, Chairman and Managing Director of the Company, Chairman of the Company's Finance Committee, and is also a director of its various subsidiaries. He is Chairman and Non-executive Director of the Manager of the publicly-listed trusts, Champion Real Estate Investment Trust and Langham Hospitality Investments. He is also a Vice President of The Real Estate Developers Association of Hong Kong and a member of The Hong Kong Centre for Economic Research's Board of Trustees.

Dr. Lo was formerly a Director of Hong Kong Exchanges and Clearing Limited; Chairman of the Listing Committee for Main Board and Growth Enterprise Market; a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority; Chairman of The Chamber of Hong Kong Listed Companies; Chairman of the Hospital Authority of Hong Kong; a Board Member of the Airport Authority Hong Kong; and a Member of the University Grants Committee.

Dr. Lo graduated from McGill University with a Bachelor of Science Degree and obtained a Doctor of Medicine (M.D.) Degree from Cornell University, specialising in Internal Medicine and Cardiology. He has over four decades of experience in property and hotel development, and investment both in Hong Kong and overseas. Dr. Lo is a son of Madam LO To Lee Kwan, an elder brother of Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, a younger brother of Mr. Lo Hong Sui, Antony and Madam Law Wai Duen, and the father of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Madam LO TO Lee Kwan

Non-executive Director

Madam LO TO Lee Kwan, aged 102, has been a Director of the Group since 1963. She was an Executive Director of the Company prior to her re-designation as a Non-executive Director of the Company in December 2008. She is the wife of Mr. Lo Ying Shek, the late former chairman of the Company, and is the co-founder of the Group. She was involved in the early stage of development of the Group. She is the mother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and the grandma of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Professor WONG Yue Chim, Richard

Independent Non-executive Director

Professor WONG Yue Chim, Richard, aged 70, is an Independent Non-executive Director of the Company. He has been a Director of the Group since 1995 and is the Chairman of the Nomination Committee and a member of both the Audit Committee and the Remuneration Committee of the Company. Professor Wong is Provost and Deputy Vice-Chancellor and Chair of Economics at The University of Hong Kong. He is a leading figure in advancing economic research on policy issues in Hong Kong through his work as Founding Director of the Hong Kong Centre for Economic Research and the Hong Kong Institute of Economics and Business Strategy. He was awarded the Silver Bauhinia Star in 1999 in recognition of his contributions in education, housing, industry and technology development and was appointed a Justice of the Peace in 2000 by the Government of the Hong Kong Special Administrative Region. He is a member of Research Council of Our Hong Kong Foundation. Professor Wong is an Independent Non-executive Director of Pacific Century Premium Developments Limited and Sun Hung Kai Properties Limited, both of which are companies whose shares are listed on the Stock Exchange.

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

Mrs. LEE Pui Ling, Angelina, aged 73, was appointed an Independent Non-executive Director of the Company in 2002 and is the Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. Mrs. Lee is a solicitor and a Fellow of the Institute of Chartered Accountants in England and Wales. She holds a Bachelor of Laws degree from and was awarded an Honorary Fellowship by University College London, University of London. Amongst her public appointments, Mrs. Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Non-executive Director of the Securities and Futures Commission. Mrs. Lee is a Non-executive Director of CK Infrastructure Holdings Limited, Henderson Land Development Company Limited and TOM Group Limited, all of which are listed companies.

Mr. ZHU Qi**Independent Non-executive Director**

Mr. ZHU Qi, aged 62, was appointed as an Independent Non-executive Director of the Company in January 2022. Mr. Zhu is an Independent Non-executive Director of ZA Bank Limited since September 2022. He had been the Chairman and Executive Director of CMB Wing Lung Bank Limited ("CMB Wing Lung") from October 2019 to January 2022 and the Chief Executive Officer and Executive Director of CMB Wing Lung from September 2008 to June 2019. Mr. Zhu had been the Executive Vice President of China Merchants Bank Co., Ltd. from December 2008 to January 2019. He is a former Director of CMB International Capital Corporation Limited. He joined the Industrial and Commercial Bank of China in 1986 and had been the Deputy General Manager and General Manager of Industrial

and Commercial Bank of China, Hong Kong Branch and the Director, Managing Director and Chief Executive Officer of Industrial and Commercial Bank of China (Asia) Limited from 1995 to 2008. He graduated with a bachelor's degree in Economics from Dongbei University of Finance and Economics, and obtained a master's degree in Economics from Zhongnan University of Finance and Economics.

Mr. LO Hong Sui, Antony**Executive Director**

Mr. LO Hong Sui, Antony, aged 80, is an Executive Director and a director of certain subsidiaries of the Company. He has been a Director of the Group since 1967. Mr. Lo has been actively involved in property development, construction and investment for decades. He graduated from the University of New South Wales with a Bachelor's Degree in Commerce. Mr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, a younger brother of Madam Law Wai Duen, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Madam LAW Wai Duen**Executive Director**

Madam LAW Wai Duen, aged 85, is an Executive Director and a director of various subsidiaries of the Company. She has been a Director of the Group since 1963. Madam Law graduated from The University of Hong Kong with a Bachelor's Degree in Arts and has been actively involved in the Group's property development and investment in Hong Kong for decades. Madam Law is a daughter of Madam Lo To Lee Kwan, an elder sister of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and an aunt of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Mr. LO Hong Sui, Vincent

Non-executive Director

Mr. LO Hong Sui, Vincent, aged 74, has been a Director of the Group since 1970. He was an Executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in December 2008. He is also the Chairman of the Shui On Group which he founded in 1971. The Shui On Group is principally engaged in property development, construction and construction materials with interests in Hong Kong and the Chinese Mainland. He is the Chairman of SOCAM Development Limited and Shui On Land Limited, both are listed on the Stock Exchange. He is a former Non-executive Director of Hang Seng Bank Limited. Mr. Lo is a member of the Board of Directors of Boao Forum for Asia, the President of the Council for the Promotion & Development of Yangtze, an Economic Adviser of the Chongqing Municipal Government, a Vice Chairman of the Chamber of International Commerce Shanghai, the Honorary Life President of the Business and Professionals Federation of Hong Kong and an Honorary Court Chairman of The Hong Kong University of Science and Technology. He was awarded the Grand Bauhinia Medal (GBM) in 2017, the Gold Bauhinia Star in 1998 and was appointed a Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region. Mr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Dr. Lo Ying Sui, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony and Madam Law Wai Duen, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Dr. LO Ying Sui

Non-executive Director

Dr. LO Ying Sui, aged 70, has been a Director of the Group since 1993. He was an Executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in December 2008. With a Doctor of Medicine Degree from the

University of Chicago, he is a specialist in Cardiology and a Clinical Associate Professor (honorary) at The Chinese University of Hong Kong Faculty of Medicine. He is a son of Madam Lo To Lee Kwan, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen and Mr. Lo Hong Sui, Vincent, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company.

Mr. LO Chun Him, Alexander

Executive Director

Mr. LO Chun Him, Alexander, aged 37, joined the Group in 2010 and was appointed as an Executive Director of the Company in December 2015. He is also a member of the Finance Committee. Mr. Lo holds directorships in various subsidiaries of the Company, including The Great Eagle Company, Limited, Great Eagle (China) Investment Limited, The Great Eagle Development and Project Management Limited, Eagle Property Management (CP) Limited, Langham Hospitality Group Limited, Langham Hotels International Limited, Pacific Eagle Holdings Corporation and Rio dei Vetrai S.r.l.. He is also a Non-executive Director of Langham Hospitality Investments Limited and LHIL Manager Limited (Manager of the publicly listed Langham Hospitality Investments). Prior to joining the Group, he had worked at Citibank's investment banking division with a focus on Hong Kong's market. Mr. Lo is also a member of the Executive Committee of The Real Estate Developers Association of Hong Kong and a member of the Management Committee of The Federation of Hong Kong Hotel Owners Limited. He graduated from Washington University in St. Louis with a Bachelor of Arts in Psychology. Mr. Lo is a son of Dr. Lo Ka Shui, being a substantial shareholder, the Chairman and Managing Director of the Company. Also, he is a grandson of Madam Lo To Lee Kwan, a nephew of Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company.

Mr. KAN Tak Kwong**Executive Director and General Manager**

Mr. KAN Tak Kwong, aged 70, has been a Director of the Group since 1988. He is an Executive Director, the General Manager and a member of the Finance Committee of the Company. Mr. Kan also holds directorships in various subsidiaries of the Company, including The Great Eagle Company, Limited, Great Eagle (China) Investment Limited, Keyesen Property Management Services Limited, Great Eagle Tokyo TMK, Eagle Property Management (CP) Limited, Langham Hospitality Group Limited, Langham Hotels International Limited, Pacific Eagle Holdings Corporation and Rio dei Vetrai S.r.l.. He graduated from The Chinese University of Hong Kong with a Master's Degree in Business Administration and is a member of various professional bodies including the Hong Kong Institute of Certified Public Accountants. Mr. Kan has decades of experience in finance, accounting, strategic development and corporate administration in the real estate, finance and construction industries.

Mr. CHU Shik Pui**Executive Director**

Mr. CHU Shik Pui, aged 60, joined the Group in 1989 and was appointed as an Executive Director of the Company in December 2015. He is a member of the Finance Committee and also the Head of Tax and Investment primarily responsible for the Group's taxation, finance and investment matters. Mr. Chu is a fellow of The Chartered Association of Certified Accountants and an associate of The Hong Kong Institute of Certified Public Accountants. He is also a full member of the Society of Registered Financial Planners. Mr. Chu has 30 years' aggregated experience in taxation, finance, accounting, legal, and acquisition and investment.

Professor POON Ka Yeung, Larry**Executive Director**

Professor POON Ka Yeung, Larry, aged 54, has been a Director of the Company since March 2016. He was an Independent Non-executive Director of the Company prior to his re-designation as an Executive Director of the Company in December 2021. He is responsible for overseeing the professional investment team of the Group for shortlisting and appraising investment projects. Professor Poon has been teaching marketing-related subjects for different Master Degree programs. He is an Adjunct Associate Professor in the Department of Marketing of CUHK and also a member of the External Advisory Group (EAG) of the MBA Strategic Plan and an Honorary Institute Fellow of The Asia-Pacific Institute of Business of the university. Professor Poon is an Independent Non-executive Director of Shenzhen Neptunus Interlong Bio-Technique Company Limited whose H shares are listed on the Stock Exchange. He also plays a role in public services including Adviser and Independent Committee Member of the Registration Committee for the Practitioners' Registration Scheme of the Chinese Gold and Silver Exchange Society and Humanitarian Education Advisor of Hong Kong Red Cross. He obtained his Bachelor's Degree in Mathematics with Minor in Economics and Marketing from CUHK and was further admitted to the MBA Degree by the University of Hull, United Kingdom.

Directors' interest in the Group and/or in the substantial shareholders of the Company are set out in the section "Disclosure of Interests" in this Interim Report.

The Company is committed to maintaining and developing a high standard of corporate governance practices that are designed to enhance company image, boost Shareholders' confidence, and reduce the risk of fraudulent practices and ultimately serve the long-term interests of our Shareholders. 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 regulatory requirements and needs of the Company to underpin our engrained values of integrity and accountability. Throughout the period under review, the Company has complied with most of the code provisions and where appropriate, adopted the recommended best practices as set out in the CG Code. 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. His interests in shares and underlying shares in the Company and associated corporations are set out in the section of Disclosure of Interests contained herein. There is no service contract between the Company and Dr. Lo Ka Shui, and he is not appointed for any specified length, or proposed length, of services with the Company. Notwithstanding that Dr. Lo is not subject to retirement by rotation, he has disclosed his biographical details in accordance with Rule 13.74 of the Listing Rules in the circular to the Shareholders in relation to, among other things, the re-election of retiring Directors, for Shareholders' information.

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 is holding 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 can preserve the consistent leadership culture of the Company and allow efficient discharge of the executive functions of the chief executive. The Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high caliber individuals including three 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 maintaining the equilibrium between transparency and privacy.

COMPLIANCE POLICIES AND PROCEDURES

The Board of Directors assumes responsibility for leadership and control of the Group and is collectively responsible for promoting the success of the Company. It plays a central supportive and supervisory role in the Company's corporate governance duties. The governance framework of the Company is constituted by the Statement of Corporate Governance Practices of the Company. It serves as an ongoing guidance for the Directors to perform and fulfill their respective roles and obligations to the Company. The Board is also responsible for overseeing the management and operation of the Group, and is ultimately accountable for the Group's activities, strategies and financial performance. The Company has put in place a comprehensive set of compliance policies and procedures that constitute the core elements of the governance framework of the Group, including:

- Anti-Fraud, Bribery and Corruption Policy
- Anti-Money Laundering Policy
- Code of Conduct regarding Securities Transactions by Directors and Relevant Employees
- Employee Code of Conduct
- Policy on the Preservation and Prevention of Misuse of Inside Information
- Privacy Policy
- Reporting and Monitoring Policy on Connected Transactions
- Schedule of Matters Reserved for the Board
- Shareholder Communication Policy
- Social Media Policy
- Whistleblowing Policy

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

EMPLOYMENT AND LABOUR PRACTICES

Our human capital is the backbone of our sustainable success. The Group is committed to providing lawful and proper employment that signifies human development. We recognise the importance of workforce sustainability, which is about retaining and attracting the right people to meet current and future business requirements. We offer competitive salaries to employees and discretionary bonuses are granted based on 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. In line with our commitment to sustainability, a staff wellness programme (e.g. wellness festival, green workshop and mindfulness class), staff recreational activities as well as community involvement through volunteering projects are offered to employees.

There had been no material change to the number of employees and staff composition of the Group for the six months ended 30 June 2022.

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

- (a) Senior staff meetings hosted by the Chairman on recent business developments of the Group;
- (b) Departmental meetings with light refreshments, which enable every employee to enjoy a casual conversation with the Chairman; and
- (c) Executive luncheons hosted by the Chairman and/or Executive Directors to facilitate the exchange of ideas among top management members of the Group in Hong Kong.

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

We believe that the provision of opportunities for training and development is an important component for attracting and retaining staff. Since 2012, the corporate culture of applying the best practices from “The 7 Habits of Highly Effective People” programme and adopting innovative approaches at work have been continuously cultivated. We raise staff awareness through different channels, such as training programmes, promotional items, forming a committee and leverage the intranet for staff to express their ideas. Since 2014, the Group has further promoted a culture of innovation through establishing an online platform, the Great Eagle Innovation Portal, to facilitate the exchange of innovative ideas among staff and business units/departments. The Group has also developed external and in-house designed training programmes in supervisory, management, soft skills as well as technical skills training. Focussing on talent management through training and development, succession planning and a mentoring programme further strengthen the Group’s organisational agility. The organisation strategies are sustainable due to staff involvement and management’s support.

The Hotels Division cultivates talent and promotes continuous learning in an engaging and progressive environment. In order to sustain the talent pipeline, the Advanced Programme for EXecutives (APEX) was relaunched to focus on the development of Hotel Managers/General Managers. APEX is a holistic programme to prepare identified colleagues to take up bigger and more challenging leadership roles in the future, and at the same time, to equip them with the essential knowledge, skills and experiences for transition into future roles.

Integrity is one of the Group's values and we are committed to doing the right thing. The Hotels Division has formed a Data Protection team at the corporate level, which has put in place a comprehensive governance structure to evaluate, address and manage data protection risks. To ensure that we safeguard the personal data of our guests and colleagues, Data Protection Awareness training was rolled out to all hotels to ensure our colleagues have solid data protection governance in place.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted its own Code of Conduct for Securities Transactions on terms no less exacting than the required standards set out in the Model Code 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 six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS

The unaudited financial statements for the six months ended 30 June 2022 were prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA, and have been reviewed by Deloitte Touche Tohmatsu, the independent auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

This interim report, comprising the unaudited financial statements, has been reviewed by the Audit Committee of the Company.

NEW SHARES ISSUED

As at 30 June 2022, the total number of issued shares of the Company was 747,723,345. On 21 June 2022, a total of 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 six months ended 30 June 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float with more than 25% of the issued shares of the Company being held by the public as at 30 June 2022.

DISCLOSURE OF INTERESTS

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

As at 30 June 2022, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, are as follows:

Long positions in shares and underlying shares of the Company

Name of Directors	Capacity	Nature of Interests	Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital ⁽¹¹⁾	Total
Lo Ka Shui	Beneficial Owner	Personal Interests	64,790,835 ⁽¹⁾	8.67)	64.36
	Interests of Controlled Corporations	Corporate Interests	95,898,363 ⁽²⁾	12.83)	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	
	Founder of a Discretionary Trust	Trust Interests	65,866,676	8.81)	
Lo To Lee Kwan	Beneficial Owner	Personal Interests	1,341,561	0.18)	34.97
	Interests of Controlled Corporations	Corporate Interests	5,442,810 ⁽⁴⁾	0.73)	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	
Wong Yue Chim, Richard	Beneficial Owner	Personal Interests	10,198	0.00)	0.00
Lo Hong Sui, Antony	Beneficial Owner	Personal Interests	1,353,973 ⁽⁵⁾	0.18)	34.24
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	
Law Wai Duen	Beneficial Owner	Personal Interests	2,450,858 ⁽⁶⁾	0.33)	34.39
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	

Name of Directors	Capacity	Nature of Interests	Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital ⁽¹¹⁾	Total
Lo Hong Sui, Vincent	Beneficial Owner	Personal Interests	293	0.00)	34.06
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	
Lo Ying Sui	Beneficial Owner	Personal Interests	1,540,000	0.21)	39.50
	Interests of Controlled Corporations	Corporate Interests	39,180,903 ⁽⁷⁾	5.24)	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393 ⁽³⁾	34.06)	
Lo Chun Him, Alexander	Beneficial Owner	Personal Interests	1,203,488 ⁽⁸⁾	0.16)	0.16
Kan Tak Kwong	Beneficial Owner	Personal Interests	4,750,193 ⁽⁹⁾	0.64)	0.64
Chu Shik Pui	Beneficial Owner	Personal Interests	2,029,554 ⁽¹⁰⁾	0.27)	0.27

Notes:

- (1) Among these interests, 3,378,000 were share options.
- (2) These interests were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies.
- (3) These 254,664,393 shares were owned by a discretionary trust of which Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui are among the discretionary beneficiaries.
- (4) These 5,442,810 shares were held by two companies wholly-owned by Madam Lo To Lee Kwan who is also a director of these companies. Dr. Lo Ka Shui is a director of one of these companies.
- (5) Among these interests, 440,000 were share options.
- (6) Among these interests, 440,000 were share options.
- (7) These 39,180,903 shares were held by a company wholly-owned by Dr. Lo Ying Sui who is also a director of this company.
- (8) Among these interests, 1,075,000 were share options.
- (9) Among these interests, 2,060,000 were share options.
- (10) Among these interests, 1,737,000 were share options.
- (11) This percentage has been compiled based on 747,723,345 shares of the Company in issue as at 30 June 2022.
- (12) Mr. Cheng Hoi Chuen, Vincent, an Independent Non-executive Director of the Company, passed away on 28 August 2022. His interest in the Company remained unchanged as compared with the position as at 31 December 2021.

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

Champion Real Estate Investment Trust (“Champion REIT”)

Champion REIT (Stock Code: 2778), a Hong Kong collective investment scheme authorised under section 104 of SFO, is accounted for as a subsidiary of the Company. As at 30 June 2022, the Group owned 67.99% interests in Champion REIT. While the definition of “associated corporation” under the SFO caters only to corporations, for the purpose of enhancing the transparency, the interests of the Directors or chief executives of the Company in Champion REIT as at 30 June 2022 are disclosed as follows:

Name of Directors	Total Number of Units/ Underlying Units Held	Percentage of Issued Units ⁽²⁾
Lo Ka Shui	18,611,617 ⁽¹⁾	0.31
Lo Ying Sui	239,000	0.00
Chu Shik Pui	8,000	0.00

Notes:

(1) Among these 18,611,617 units:

- (i) 3,592,007 units were held by Dr. Lo Ka Shui personally;
- (ii) 3,258,610 units were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies; and
- (iii) 11,761,000 units were held by a charitable trust of which Dr. Lo Ka Shui is the settlor and a member of the Advisory Committee and Management Committee.

(2) This percentage has been compiled based on 5,955,056,541 units of Champion REIT in issue as at 30 June 2022.

Langham Hospitality Investments and Langham Hospitality Investments Limited (“LHI”)

LHI (Stock Code: 1270), the share stapled units (the “SSUs”) of which are listed on the Stock Exchange. As at 30 June 2022, the Group owned 69.53% interests in LHI and is therefore a subsidiary of the Company. The holdings of the Directors or chief executives of the Company in LHI as at 30 June 2022 are disclosed as follows:

Name of Directors	Total Number of SSUs/ Underlying SSUs Held	Percentage of Issued SSUs ⁽³⁾
Lo Ka Shui	124,684,250 ⁽¹⁾	3.83
Lo To Lee Kwan	306,177 ⁽²⁾	0.01
Wong Yue Chim, Richard	257,610	0.01
Law Wai Duen	3,888,421	0.12
Lo Ying Sui	932,194	0.03

Notes:

(1) Among these 124,684,250 SSUs:

- (i) 31,584,000 SSUs were held by Dr. Lo Ka Shui personally;
- (ii) 3,090,000 SSUs were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies; and
- (iii) 90,010,250 SSUs were held by a charitable trust of which Dr. Lo Ka Shui is the settlor and a member of the Advisory Committee and Management Committee.

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

(3) This percentage has been compiled based on 3,255,820,285 SSUs of LHI in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors or chief executives of the Company were taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

In accordance with the 2019 Share Option Scheme, which was adopted pursuant to an ordinary resolution passed on 22 May 2019, the Board of Directors of the Company may grant options to eligible employees, including Executive Directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Upon the adoption of the 2019 Share Option Scheme on 22 May 2019, the 2009 Share Option Scheme was terminated. Options granted during the life of the 2009 Share Option Scheme and remain unexpired prior to the termination of the 2009 Share Option Scheme continue to be exercisable in accordance with their terms of issue after the termination of the 2009 Share Option Scheme.

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

Details of the movements in the share options granted to the Group's employees (including Directors and their Associates) under the 2009 Share Option Scheme and the 2019 Share Option Scheme during the six months ended 30 June 2022 are as follows:

Date of Grant	Number of Share Options				Outstanding as at 30/06/2022	Exercisable Period	Exercise Price Per Share (HK\$)
	Outstanding as at 01/01/2022	Granted during the Period	Exercised during the Period	Lapsed during the Period			
14/03/2017 ⁽¹⁾	2,842,000	–	–	(2,842,000)	–	15/03/2019–14/03/2022	37.15
14/03/2018 ⁽¹⁾	3,619,000	–	–	(161,000)	3,458,000	15/03/2020–14/03/2023	42.40
14/03/2019 ⁽¹⁾	4,120,000	–	–	(193,000)	3,927,000	15/03/2021–14/03/2024	39.05
18/03/2020 ⁽²⁾	4,525,000	–	–	(241,000)	4,284,000	19/03/2022–18/03/2025	21.65
18/03/2021 ⁽²⁾	4,277,000	–	–	(253,000)	4,024,000	19/03/2023–18/03/2026	28.45
18/03/2022 ⁽²⁾	–	5,052,000 ⁽³⁾	–	(213,000)	4,839,000	19/03/2024–18/03/2027	19.06
Total	19,383,000	5,052,000	–	(3,903,000)	20,532,000		

Notes:

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

(2) Share options were granted under the 2019 Share Option Scheme.

(3) During the six months ended 30 June 2022, 1,816,000 share options were granted to the Directors of the Company and their Associates, while 3,236,000 share options were granted to eligible employees of the Group. Please refer to the announcement of the Company dated 18 March 2022 for details.

- (4) During the six months ended 30 June 2022, no share option was cancelled.
- (5) Consideration paid for acceptance of each grant of share options was HK\$1.00.
- (6) The vesting period for the share options granted is 24 months after the date of grant.
- (7) The closing price of the shares of the Company immediately before the date of grant of 18 March 2022, i.e. 17 March 2022 was HK\$18.58 (According to the price adjustment method released by HKEX in relation to special cash dividend, the closing price was subsequently adjusted to HK\$18.07).

On 18 March 2022, a total of 1,816,000 share options of the Company were granted to the following Executive Directors of the Company and their Associates. According to the Company's share accounting policy, the following option value in respect of the share options granted to the Executive Directors are accounted for over the vesting period from 19 March 2024 to 18 March 2027 as non-cash emoluments of the respective Executive Directors:

	Number of Options	Option Value* (HK\$)
(i) Executive Directors		
Lo Ka Shui (<i>Chairman and Managing Director</i>)	700,000	2,968,000
Lo Hong Sui, Antony	50,000	212,000
Law Wai Duen	50,000	212,000
Lo Chun Him, Alexander	180,000	763,200
Kan Tak Kwong (<i>General Manager</i>)	420,000	1,780,800
Chu Shik Pui	380,000	1,611,200
(ii) Associates	36,000	152,640

* Further details of the share options are set out in note 26 to the Condensed Consolidated Financial Statements on page 88 of this interim report.

Movements of the Share Options Granted to Directors

Details of the movements in the share options granted to Directors of the Company (some are also substantial Shareholders) under the 2009 Share Option Scheme and 2019 Share Option Scheme as required to be disclosed according to Rule 17.07 of the Listing Rules during the six months ended 30 June 2022 are as follows:

Directors	Date of Grant	Number of Share Options				Outstanding as at 30/06/2022	Exercise Price Per Share (HK\$)	Weighted Average Closing Price Immediately Before the Date of Exercise (HK\$)
		Outstanding as at 01/01/2022	Granted during the Period	Exercised during the Period	Lapsed during the Period			
Lo Ka Shui	14/03/2018 ⁽¹⁾	688,000	–	–	–	688,000	42.40	–
	14/03/2019 ⁽¹⁾	698,000	–	–	–	698,000	39.05	–
	18/03/2020 ⁽²⁾	680,000	–	–	–	680,000	21.65	–
	18/03/2021 ⁽²⁾	612,000	–	–	–	612,000	28.45	–
	18/03/2022 ⁽²⁾	–	700,000	–	–	700,000	19.06	–
		2,678,000	700,000	–	–	3,378,000		
Lo Hong Sui, Antony	14/03/2017 ⁽¹⁾	100,000	–	–	(100,000)	–	37.15	–
	14/03/2018 ⁽¹⁾	100,000	–	–	–	100,000	42.40	–
	14/03/2019 ⁽¹⁾	100,000	–	–	–	100,000	39.05	–
	18/03/2020 ⁽²⁾	100,000	–	–	–	100,000	21.65	–
	18/03/2021 ⁽²⁾	90,000	–	–	–	90,000	28.45	–
	18/03/2022 ⁽²⁾	–	50,000	–	–	50,000	19.06	–
		490,000	50,000	–	(100,000)	440,000		
Law Wai Duen	14/03/2017 ⁽¹⁾	100,000	–	–	(100,000)	–	37.15	–
	14/03/2018 ⁽¹⁾	100,000	–	–	–	100,000	42.40	–
	14/03/2019 ⁽¹⁾	100,000	–	–	–	100,000	39.05	–
	18/03/2020 ⁽²⁾	100,000	–	–	–	100,000	21.65	–
	18/03/2021 ⁽²⁾	90,000	–	–	–	90,000	28.45	–
	18/03/2022 ⁽²⁾	–	50,000	–	–	50,000	19.06	–
		490,000	50,000	–	(100,000)	440,000		
Lo Chun Him, Alexander	14/03/2017 ⁽¹⁾	200,000	–	–	(200,000)	–	37.15	–
	14/03/2018 ⁽¹⁾	220,000	–	–	–	220,000	42.40	–
	14/03/2019 ⁽¹⁾	238,000	–	–	–	238,000	39.05	–
	18/03/2020 ⁽²⁾	230,000	–	–	–	230,000	21.65	–
	18/03/2021 ⁽²⁾	207,000	–	–	–	207,000	28.45	–
	18/03/2022 ⁽²⁾	–	180,000	–	–	180,000	19.06	–
		1,095,000	180,000	–	(200,000)	1,075,000		

Directors	Date of Grant	Number of Share Options				Exercise Price Per Share (HK\$)	Weighted Average Closing Price Immediately Before the Date of Exercise (HK\$)	
		Outstanding as at 01/01/2022	Granted during the Period	Exercised during the Period	Lapsed during the Period			Outstanding as at 30/06/2022
Kan Tak Kwong	14/03/2017 ⁽¹⁾	380,000	–	–	(380,000)	–	37.15	–
	14/03/2018 ⁽¹⁾	430,000	–	–	–	430,000	42.40	–
	14/03/2019 ⁽¹⁾	450,000	–	–	–	450,000	39.05	–
	18/03/2020 ⁽²⁾	400,000	–	–	–	400,000	21.65	–
	18/03/2021 ⁽²⁾	360,000	–	–	–	360,000	28.45	–
	18/03/2022 ⁽²⁾	–	420,000	–	–	420,000	19.06	–
		2,020,000	420,000	–	(380,000)	2,060,000		
Chu Shik Pui	14/03/2017 ⁽¹⁾	300,000	–	–	(300,000)	–	37.15	–
	14/03/2018 ⁽¹⁾	350,000	–	–	–	350,000	42.40	–
	14/03/2019 ⁽¹⁾	380,000	–	–	–	380,000	39.05	–
	18/03/2020 ⁽²⁾	330,000	–	–	–	330,000	21.65	–
	18/03/2021 ⁽²⁾	297,000	–	–	–	297,000	28.45	–
	18/03/2022 ⁽²⁾	–	380,000	–	–	380,000	19.06	–
		1,657,000	380,000	–	(300,000)	1,737,000		
Associates of Directors of the Company	14/03/2017 ⁽¹⁾	230,000	–	–	(230,000)	–	37.15	–
	14/03/2018 ⁽¹⁾	40,000	–	–	–	40,000 ⁽⁷⁾	42.40	–
	14/03/2019 ⁽¹⁾	60,000	–	–	–	60,000 ⁽⁷⁾	39.05	–
	18/03/2020 ⁽²⁾	40,000	–	–	–	40,000 ⁽⁷⁾	21.65	–
	18/03/2021 ⁽²⁾	36,000	–	–	–	36,000 ⁽⁷⁾	28.45	–
	18/03/2022 ⁽²⁾	–	36,000	–	–	36,000 ⁽⁷⁾	19.06	–
		406,000	36,000	–	(230,000)	212,000		
Eligible Employees (other than Directors of the Company and their Associates ⁽⁷⁾)	14/03/2017 ⁽¹⁾	1,532,000	–	–	(1,532,000)	–	37.15	–
	14/03/2018 ⁽¹⁾	1,691,000	–	–	(161,000)	1,530,000	42.40	–
	14/03/2019 ⁽¹⁾	2,094,000	–	–	(193,000)	1,901,000	39.05	–
	18/03/2020 ⁽²⁾	2,645,000	–	–	(241,000)	2,404,000	21.65	–
	18/03/2021 ⁽²⁾	2,585,000	–	–	(253,000)	2,332,000	28.45	–
	18/03/2022 ⁽²⁾	–	3,236,000	–	(213,000)	3,023,000	19.06	–
		10,547,000	3,236,000	–	(2,593,000)	11,190,000		

Notes:

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

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

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

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

(2) Share options were granted under the 2019 Share Option Scheme.

Share options granted on 18/03/2020 are exercisable during the period from 19/03/2022 to 18/03/2025.

Share options granted on 18/03/2021 are exercisable during the period from 19/03/2023 to 18/03/2026.

Share options granted on 18/03/2022 are exercisable during the period from 19/03/2024 to 18/03/2027.

(3) During the six months ended 30 June 2022, no share option was cancelled.

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

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

(6) The closing price of the shares of the Company immediately before the date of grant of 18 March 2022, i.e. 17 March 2022 was HK\$18.58 (According to the price adjustment method released by HKEX in relation to special cash dividend, the closing price was subsequently adjusted to HK\$18.07).

(7) Being share options held by Mr. Lo Chun Cheong and Mr. Lo Chun Lai, Andrew.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2022, the interests and short positions of persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO as having an interest in 5% or more of the issued share capital of the Company are as follows:

Long positions in shares of the Company

Name of Shareholders	Total Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital ⁽⁷⁾
HSBC International Trustee Limited	315,009,622 ⁽¹⁾	42.13
Powermax Agents Limited	246,937,926 ⁽²⁾	33.03
Mind Reader Limited	49,481,019 ⁽³⁾	6.62
Surewit Finance Limited	45,342,008 ⁽⁴⁾	6.06
Eagle Guardian Limited	41,763,360 ⁽⁵⁾	5.59
Adscan Holdings Limited	39,180,903 ⁽⁶⁾	5.24

Notes:

- (1) The number of shares disclosed was based on the latest Disclosure of Interest Form (with the date of relevant event as at 21 June 2021) received from HSBC International Trustee Limited ("HITL"). According to the latest disclosures made by the Directors of the Company, as at 30 June 2022:
- (i) 254,664,393 shares representing 34.06% of the issued share capital of the Company were held in the name of HITL as a trustee of a discretionary trust, of which Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, are among the discretionary beneficiaries.
 - (ii) 65,866,676 shares representing 8.81% of the issued share capital of the Company were held in the name of HITL as a trustee of another discretionary trust, of which Dr. Lo Ka Shui is the founder.
- (2) Powermax Agents Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 246,937,926 shares held by it related to the same parcel of shares referred to in Note (1)(i) above.
- (3) Mind Reader Limited is a company wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of this company.
- (4) Surewit Finance Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 45,342,008 shares held by it were among the shares referred to in Note (1)(ii) above. Dr. Lo Ka Shui is a director of this company.
- (5) Eagle Guardian Limited is a company wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of this company.
- (6) Adscan Holdings Limited is a company wholly-owned by Dr. Lo Ying Sui who is also a director of this company.
- (7) This percentage has been compiled based on 747,723,345 shares of the Company in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, no person (other than Directors or chief executives of the Company whose interests in shares, underlying shares and debentures of the Company are set out on pages 38 and 39) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF GREAT EAGLE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Great Eagle Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 49 to 94, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKAS 34”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 August 2022

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	NOTES	Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	4,090,986	3,569,320
Cost of goods and services		(2,359,901)	(2,109,061)
Operating profit before depreciation		1,731,085	1,460,259
Depreciation		(446,200)	(412,478)
Operating profit		1,284,885	1,047,781
Fair value changes on investment properties		(548,930)	(1,864,615)
Fair value changes on derivative financial instruments		286,264	167,037
Fair value changes on financial assets at fair value through profit or loss		(83,502)	26,585
Other income	5	58,149	146,322
Administrative and other expenses		(264,925)	(203,182)
Allowance for credit losses on notes receivables		(36,441)	–
Finance costs	6	(349,259)	(367,073)
Share of results of joint ventures		40,155	19,823
Share of results of associates		(7,711)	3,598
Profit (loss) before tax	7	378,685	(1,023,724)
Income taxes	8	(211,594)	(138,777)
Profit (loss) for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT		167,091	(1,162,501)
Profit (loss) for the period attributable to:			
Owners of the Company		123,864	(783,974)
Non-controlling interests		25,287	(14,091)
Non-controlling unitholders of Champion REIT		149,151	(798,065)
		17,940	(364,436)
		167,091	(1,162,501)
Earnings (loss) per share:	10		
Basic		HK\$0.17	HK\$(1.09)
Diluted		HK\$0.17	HK\$(1.09)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit (loss) for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	167,091	(1,162,501)
Other comprehensive (expense) income:		
<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	(2,312,226)	250,077
Share of other comprehensive income of an associate	7,829	2,746
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(386,462)	(88,109)
Cash flow hedges:		
Fair value adjustment on cross currency swaps and interest rate swaps designated as cash flow hedges	117,648	6,122
Reclassification of fair value adjustments to profit or loss	(8,236)	36,509
Other comprehensive (expense) income for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	(2,581,447)	207,345
Total comprehensive expense for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	(2,414,356)	(955,156)
Total comprehensive expense for the period attributable to:		
Owners of the Company	(2,481,195)	(624,330)
Non-controlling interests	27,014	(13,746)
	(2,454,181)	(638,076)
Non-controlling unitholders of Champion REIT	39,825	(317,080)
	(2,414,356)	(955,156)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	NOTES	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Non-current assets			
Investment properties	11	70,709,698	71,063,934
Property, plant and equipment	11	20,484,448	21,356,674
Interests in joint ventures	12	345,703	337,743
Interests in associates		139,313	56,394
Equity instruments at fair value through other comprehensive income	13	3,053,410	5,195,583
Notes and loan receivables	14	558,067	600,152
Derivative financial instruments	19, 20	142,231	15,732
Deposit for hotel renovation and acquisition of an investment property		–	31,087
		95,432,870	98,657,299
Current assets			
Stock of properties	15	12,431,860	12,589,462
Inventories		128,884	137,918
Debtors, deposits and prepayments	16	963,432	793,752
Notes and loan receivables	14	62,641	41,699
Financial assets at fair value through profit or loss	17	984,312	732,251
Derivative financial instruments	19, 20	28,635	53,504
Tax recoverable		754	23,315
Restricted cash		76,075	102,889
Time deposits with original maturity over three months		39,238	–
Bank balances and cash		4,930,936	6,119,146
		19,646,767	20,593,936
Current liabilities			
Creditors, deposits and accruals	18	7,064,413	7,194,736
Derivative financial instruments	19	7,315	5,641
Provision for taxation		276,557	529,863
Distribution payable		202,803	207,033
Borrowings due within one year	21	2,963,096	6,542,795
Medium term notes	22	3,029,794	643,000
Lease liabilities	23	9,385	11,121
		13,553,363	15,134,189
Net current assets		6,093,404	5,459,747
Total assets less current liabilities		101,526,274	104,117,046

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	NOTES	At 30 June 2022 HK\$'000 (unaudited)	At 31 December 2021 HK\$'000 (audited)
Non-current liabilities			
Derivative financial instruments	19, 20	20,900	90,065
Borrowings due after one year	21	22,753,259	19,174,451
Medium term notes	22	4,015,269	7,006,560
Deferred taxation		1,240,709	1,219,012
Lease liabilities	23	6,863	11,127
		28,037,000	27,501,215
NET ASSETS		73,489,274	76,615,831
Equity attributable to:			
Owners of the Company			
Share capital	24	373,862	365,520
Share premium and reserves		58,194,766	61,083,140
		58,568,628	61,448,660
Non-controlling interests		(610,021)	(618,377)
		57,958,607	60,830,283
Net assets attributable to non-controlling unitholders of Champion REIT		15,530,667	15,785,548
		73,489,274	76,615,831

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company													Amount attributable to non-controlling unitholders of		
	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000 (note a)	Exchange translation reserve HK\$'000	Share option reserve HK\$'000	Hedging reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000	Champion REIT HK\$'000	Total HK\$'000
At 1 January 2021 (audited)	359,960	6,521,930	(52,204)	23,109	3,054	400,965	(377,372)	93,662	(83,612)	8,205,043	43,716,857	58,811,392	(607,648)	58,203,744	16,671,121	74,874,865
Loss for the period	-	-	-	-	-	-	-	-	-	-	(783,974)	(783,974)	(14,091)	(798,065)	(364,436)	(1,162,501)
Fair value gain on equity instruments at fair value through other comprehensive income	-	-	216,708	-	-	-	-	-	-	-	-	216,708	-	216,708	33,369	250,077
Change in fair value of cash flow hedges	-	-	-	-	-	-	-	-	28,575	-	-	28,575	-	28,575	14,056	42,631
Exchange differences arising on translation of foreign operations	-	-	525	-	-	-	(88,829)	-	-	(81)	-	(88,385)	345	(88,040)	(69)	(88,109)
Share of other comprehensive income of an associate	-	-	2,746	-	-	-	-	-	-	-	-	2,746	-	2,746	-	2,746
Total comprehensive income (expense) for the period	-	-	219,979	-	-	-	(88,829)	-	28,575	(81)	(783,974)	(624,330)	(13,746)	(638,076)	(317,080)	(955,156)
Transaction with non-controlling unitholders of Champion REIT: Distribution to non-controlling unitholders of Champion REIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(232,296)	(232,296)
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(232,296)	(232,296)
Transactions with owners:																
Dividend paid (note 9)	-	-	-	-	-	-	-	-	-	-	(720,792)	(720,792)	-	(720,792)	-	(720,792)
Shares issued at premium	5,124	254,338	-	-	-	-	-	-	-	-	259,462	-	259,462	-	259,462	
Share issue expenses	-	(66)	-	-	-	-	-	-	-	-	(66)	-	(66)	-	(66)	
Exercise of share options	436	24,698	-	-	-	-	(2,698)	-	-	-	22,436	-	22,436	-	22,436	
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	7,797	-	-	-	7,797	-	7,797	-	7,797
Increase of interests in subsidiaries (note b)	-	-	-	-	-	-	-	-	-	20,350	-	20,350	4,868	25,218	(28,358)	(3,140)
At 30 June 2021 (unaudited)	365,520	6,800,900	167,775	23,109	3,054	400,965	(466,201)	98,761	(55,037)	8,225,312	42,212,091	57,776,249	(616,526)	57,159,723	16,093,387	73,253,110

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company														Amount attributable to non-controlling unitholders of Champion REIT	Total	
	Share capital	Share premium	Investment revaluation reserve	Property revaluation reserve	Capital redemption reserve	Contributed surplus	Exchange translation reserve	Share option reserve	Hedging reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total equity			Champion REIT
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2022 (audited)	365,520	6,800,847	3,731,274	23,109	3,054	400,965	(549,879)	95,535	(26,998)	8,328,780	42,276,453	61,448,660	(618,377)	60,830,283	15,785,548	76,615,831	
Profit for the period	-	-	-	-	-	-	-	-	-	-	123,864	123,864	25,287	149,151	17,940	167,091	
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	(2,300,002)	-	-	-	-	-	-	-	-	(2,300,002)	-	(2,300,002)	(12,224)	(2,312,226)	
Change in fair value of cash flow hedges	-	-	-	-	-	-	-	-	74,298	-	-	74,298	-	74,298	35,114	109,412	
Exchange differences arising on translation of foreign operations	-	-	23,296	-	-	-	(410,092)	-	-	(388)	-	(387,184)	1,727	(385,457)	(1,005)	(386,462)	
Share of other comprehensive income of an associate	-	-	7,829	-	-	-	-	-	-	-	-	7,829	-	7,829	-	7,829	
Total comprehensive (expense) income for the period	-	-	(2,268,877)	-	-	-	(410,092)	-	74,298	(388)	123,864	(2,481,195)	27,014	(2,454,181)	39,825	(2,414,356)	
Transaction with non-controlling unitholders of Champion REIT: Distribution to non-controlling unitholders of Champion REIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(202,803)	(202,803)	
Transactions with owners:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(202,803)	(202,803)	
Dividend paid (note 9)	-	-	-	-	-	-	-	-	-	-	(731,040)	(731,040)	-	(731,040)	-	(731,040)	
Shares issued at premium	8,342	258,252	-	-	-	-	-	-	-	-	-	266,594	-	266,594	-	266,594	
Lapse of share options	-	-	-	-	-	-	-	(24,632)	-	-	24,632	-	-	-	-	-	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(26,784)	(26,784)	-	(26,784)	
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	10,539	-	-	-	10,539	-	10,539	-	10,539	
Increase of interests in subsidiaries (note b)	-	-	-	-	-	-	-	-	-	55,070	-	55,070	8,126	63,196	(91,903)	(28,707)	
At 30 June 2022 (unaudited)	373,862	7,059,099	1,462,397	23,109	3,054	400,965	(959,971)	81,442	47,300	8,383,462	41,693,909	58,568,628	(610,021)	57,958,607	15,530,667	73,489,274	

Notes:

- Contributed surplus represents the surplus arising under the Scheme of Arrangement undertaken by the Group in 1989/90. Under the Bermuda Companies Act, the contributed surplus of the Group is available for distribution to shareholders.
- It mainly represents the effect from the Group's increase in interests in Champion REIT and Langham (both defined in note 4) upon the settlement of management fees in units and purchase of units of Champion REIT and Langham from the market by the Group.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Cash generated from operations	1,348,400	634,922
Hong Kong Profits Tax paid	(405,516)	(65,470)
Other jurisdictions tax paid	(5,829)	(1,504)
Hong Kong Profits Tax refunded	38	1,623
Other jurisdictions tax refunded	1,708	83,536
Net cash from operating activities	938,801	653,107
Investing activities		
Acquisition of investment properties	(166,177)	–
Additions of equity instruments at fair value through other comprehensive income	(141,807)	(220,441)
Additions of financial assets at fair value through profit or loss	(653,794)	(201,062)
Additions of investment properties	(24,506)	(45,507)
Additions of property, plant and equipment	(266,776)	(561,745)
Additions of notes receivables	(99,552)	(775,350)
Advance of loan receivables	(5,395)	(6,257)
Withdrawal of restricted cash	24,712	10,682
Placement of restricted cash	(1,321)	(8,084)
Dividends received from associates	–	4,425
Interest received	28,224	72,368
Additions of investment in associate	(82,801)	–
Investment in a joint venture	–	(297,616)
Repayment from a joint venture	–	61,454
Proceeds on disposal of financial assets at fair value through profit or loss	256,205	266,590
Proceeds on redemption of loan receivable	51,640	36,701
Proceeds on redemption of notes receivable	42,267	451,765
Proceeds on disposal of property, plant and equipment	25	135
Placement of time deposits with original maturity over three months	(39,238)	–
Withdrawal of time deposits with original maturity over three months	–	191,485
Net cash used in investing activities	(1,078,294)	(1,020,457)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Financing activities		
Change of interests in subsidiaries	(28,707)	(3,035)
Bank loans origination fees	(22,544)	(26,391)
Distribution paid to non-controlling unitholders of Champion REIT	(206,827)	(246,597)
Distribution paid to non-controlling interests	(26,784)	–
Dividends paid to shareholders	(464,446)	(461,330)
Interest paid	(357,676)	(445,549)
Issue of shares	–	22,370
New bank loans raised	3,695,360	4,431,197
Redemption of medium term notes	(643,000)	–
Repayments of bank loans	(3,139,817)	(3,486,868)
Repayments of lease liabilities	(5,969)	(5,109)
Interest paid for leases	(252)	(375)
Net cash used in financing activities	(1,200,662)	(221,687)
Net decrease in cash and cash equivalents	(1,340,155)	(589,037)
Effect of foreign exchange rate changes	151,945	14,410
Cash and cash equivalents at 1 January	6,119,146	7,378,111
Cash and cash equivalents at 30 June	4,930,936	6,803,484

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2022 for the preparation of the Group’s condensed 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 interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. 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).

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Hotel income	1,992,914	1,003,551
Rental income from investment properties	1,253,306	1,303,514
Building management service income	142,177	145,923
Sales of properties	539,650	976,654
Sales of goods	61,759	46,902
Dividend income	13,292	9,069
Others	87,888	83,707
	4,090,986	3,569,320

3. REVENUE (CONTINUED)

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

Six months ended 30 June 2022

	Hotel operation	Property investment	Property development	Other operations	Sub-total	Champion REIT	Langham	US Real Estate Fund	Eliminations/ reclassifications	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hotel income	2,008,281	-	-	-	2,008,281	-	203,603	-	(218,970)	1,992,914
Building management service income	-	10,956	-	-	10,956	134,409	-	-	(3,188)	142,177
Sales of properties	-	-	539,650	-	539,650	-	-	-	-	539,650
Sales of goods	-	-	-	61,759	61,759	-	-	-	-	61,759
Others	-	-	-	257,477	257,477	-	-	-	(169,589)	87,888
Revenue from contracts with customers	2,008,281	10,956	539,650	319,236	2,878,123	134,409	203,603	-	(391,747)	2,824,388
Rental income from investment properties	-	63,214	-	-	63,214	1,196,357	-	21,033	(27,298)	1,253,306
Dividend income	-	-	-	11,883	11,883	-	-	-	1,409	13,292
	2,008,281	74,170	539,650	331,119	2,953,220	1,330,766	203,603	21,033	(417,636)	4,090,986

Six months ended 30 June 2021

	Hotel operation	Property investment	Property development	Other operations	Sub-total	Champion REIT	Langham	US Real Estate Fund	Eliminations/ reclassifications	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Hotel income	1,010,089	-	-	-	1,010,089	-	112,537	-	(119,075)	1,003,551
Building management service income	-	11,765	-	-	11,765	137,739	-	-	(3,581)	145,923
Sales of properties	-	-	957,622	-	957,622	-	-	19,032	-	976,654
Sales of goods	-	-	-	46,902	46,902	-	-	-	-	46,902
Others	-	-	-	269,831	269,831	-	-	-	(186,124)	83,707
Revenue from contracts with customers	1,010,089	11,765	957,622	316,733	2,296,209	137,739	112,537	19,032	(308,780)	2,256,737
Rental income from investment properties	-	64,635	-	-	64,635	1,259,581	-	14,918	(35,620)	1,303,514
Dividend income	-	-	-	8,682	8,682	-	-	-	387	9,069
	1,010,089	76,400	957,622	325,415	2,369,526	1,397,320	112,537	33,950	(344,013)	3,569,320

3. REVENUE (CONTINUED)

Disaggregation of revenue from contracts with customers:

- by source of revenue:

Six months ended 30 June 2022

	Revenue recognised at a point in time HK\$'000 (unaudited)	Revenue recognised over time HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Hotel income			
– room revenue	–	1,303,751	1,303,751
– food & beverage revenue	552,860	–	552,860
– others	79,923	56,380	136,303
Building management service income	–	142,177	142,177
Sales of properties	539,650	–	539,650
Sales of goods	60,174	1,585	61,759
Others	–	87,888	87,888
Revenue from contracts with customers	1,232,607	1,591,781	2,824,388
Rental income from investment properties			1,253,306
Dividend income			13,292
			4,090,986

Six months ended 30 June 2021

	Revenue recognised at a point in time HK\$'000 (unaudited)	Revenue recognised over time HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Hotel income			
– room revenue	–	440,880	440,880
– food & beverage revenue	456,201	–	456,201
– others	65,380	41,090	106,470
Building management service income	–	145,923	145,923
Sales of properties	976,654	–	976,654
Sales of goods	44,825	2,077	46,902
Others	–	83,707	83,707
Revenue from contracts with customers	1,543,060	713,677	2,256,737
Rental income from investment properties			1,303,514
Dividend income			9,069
			3,569,320

3. REVENUE (CONTINUED)

Disaggregation of revenue from contracts with customers: (continued)

- by geographical locations:

Six months ended 30 June 2022

	Revenue recognised at a point in time HK\$'000 (unaudited)	Revenue recognised over time HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Hong Kong	724,763	544,506	1,269,269
The USA	258,312	501,198	759,510
Canada	17,083	151,131	168,214
The United Kingdom	70,686	188,389	259,075
Australia	89,523	100,939	190,462
New Zealand	47,004	30,745	77,749
The Mainland China	22,520	74,555	97,075
Others	2,716	318	3,034
Revenue from contracts with customers	1,232,607	1,591,781	2,824,388
Rental income from investment properties			1,253,306
Dividend income			13,292
			4,090,986

Six months ended 30 June 2021

	Revenue recognised at a point in time HK\$'000 (unaudited)	Revenue recognised over time HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Hong Kong	1,236,720	309,854	1,546,574
The USA	83,499	141,568	225,067
Canada	2,581	22,820	25,401
The United Kingdom	13,460	14,642	28,102
Australia	66,935	60,926	127,861
New Zealand	66,717	34,770	101,487
The Mainland China	72,165	128,284	200,449
Others	983	813	1,796
Revenue from contracts with customers	1,543,060	713,677	2,256,737
Rental income from investment properties			1,303,514
Dividend income			9,069
			3,569,320

4. 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”).

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	—	sales 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.

Segment results of Champion REIT represent the published net property income less manager’s fee. Segment results of Langham represent revenue less property related expenses and services fees. Segment results of US Real Estate Fund represent revenue less fund related expenses. Segment results of other operating segments (hereinafter referred to as the “Great Eagle Operations”) represent the results of each segment without including any effect of allocation of interest income from 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.

4. SEGMENT INFORMATION (CONTINUED)

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

Segment revenue and results

Six months ended 30 June 2022

	Hotel operation HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Property development HK\$'000 (unaudited)	Other operations HK\$'000 (unaudited)	Sub-total HK\$'000 (unaudited)	Champion REIT HK\$'000 (unaudited)	Langham HK\$'000 (unaudited) (note 1)	US Real Estate Fund HK\$'000 (unaudited) (note 2)	Eliminations/ reclassifications HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
REVENUE										
External revenue	1,991,819	73,795	539,650	161,530	2,766,794	1,300,655	1,095	21,033	1,409	4,090,986
Inter-segment revenue	16,462	375	-	169,589	186,426	30,111	202,508	-	(419,045)	-
Total	2,008,281	74,170	539,650	331,119	2,953,220	1,330,766	203,603	21,033	(417,636)	4,090,986
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	131,870	48,967	263,445	238,196	682,478	917,667	171,922	9,662	(26,274)	1,755,455
Depreciation					(340,866)	-	(111,136)	(173)	5,975	(446,200)
Operating profit (loss) after depreciation					341,612	917,667	60,786	9,489	(20,299)	1,309,255
Fair value changes on investment properties					(13,930)	(535,000)	-	-	-	(548,930)
Fair value changes on derivative financial instruments					207,630	-	78,634	-	-	286,264
Fair value changes on financial assets at FVTPL					(67,535)	(15,967)	-	-	-	(83,502)
Other income					4,253	1,409	282	76	(2,135)	3,885
Administrative and other expenses					(240,219)	(17,251)	(6,047)	(1,843)	435	(264,925)
Allowance for credit losses on notes receivables					(18,000)	(18,441)	-	-	-	(36,441)
Net finance costs					(76,388)	(188,995)	(57,170)	826	2,362	(319,365)
Share of results of joint ventures					1,829	38,326	-	-	-	40,155
Share of results of associates					(7,711)	-	-	-	-	(7,711)
Profit (loss) before tax					131,541	181,748	76,485	8,548	(19,637)	378,685
Income taxes					(79,843)	(125,701)	(6,622)	-	572	(211,594)
Profit (loss) for the period					51,698	56,047	69,863	8,548	(19,065)	167,091
Less: Loss (profit) attributable to non-controlling interests/ non-controlling unitholders of Champion REIT					278	(17,940)	(21,288)	(4,277)	-	(43,227)
Profit (loss) attributable to owners of the Company					51,976	38,107	48,575	4,271	(19,065)	123,864

For the six months ended 30 June 2022

4. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

Six months ended 30 June 2021

	Hotel operation HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Property development HK\$'000 (unaudited)	Other operations HK\$'000 (unaudited)	Sub-total HK\$'000 (unaudited)	Champion REIT HK\$'000 (unaudited)	Langham HK\$'000 (unaudited) (note 1)	US Real Estate Fund HK\$'000 (unaudited) (note 2)	Eliminations/ reclassifications HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
REVENUE										
External revenue	1,002,590	75,703	957,622	139,291	2,175,206	1,358,816	961	33,950	387	3,569,320
Inter-segment revenue	7,499	697	-	186,124	194,320	38,504	111,576	-	(344,400)	-
Total	1,010,089	76,400	957,622	325,415	2,369,526	1,397,320	112,537	33,950	(344,013)	3,569,320
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	(270,598)	54,254	424,277	239,996	447,929	995,557	92,478	4,849	(33,228)	1,507,585
Depreciation					(306,613)	-	(112,089)	(188)	6,412	(412,478)
Operating profit (loss) after depreciation					141,316	995,557	(19,611)	4,661	(26,816)	1,095,107
Fair value changes on investment properties					(60,248)	(1,809,000)	-	3,933	700	(1,864,615)
Fair value changes on derivative financial instruments					142,713	-	24,324	-	-	167,037
Fair value changes on financial assets at FVTPL					26,585	-	-	-	-	26,585
Other income					5,119	387	581	315	(1,445)	4,957
Administrative and other expenses					(184,284)	(11,659)	(6,105)	(2,275)	1,141	(203,182)
Net finance costs					(30,284)	(184,320)	(59,664)	(2,148)	3,382	(273,034)
Share of results of joint ventures					(5,966)	25,789	-	-	-	19,823
Share of results of associates					3,598	-	-	-	-	3,598
Profit (loss) before tax					38,549	(983,246)	(60,475)	4,486	(23,038)	(1,023,724)
Income taxes					(14,611)	(131,918)	6,888	-	864	(138,777)
Profit (loss) for the period					23,938	(1,115,164)	(53,587)	4,486	(22,174)	(1,162,501)
Less: (Profit) loss attributable to non-controlling interests/ non-controlling unitholders of Champion REIT					(102)	364,436	16,438	(2,245)	-	378,527
Profit (loss) attributable to owners of the Company					23,836	(750,728)	(37,149)	2,241	(22,174)	(783,974)

Notes:

- The inter-segment revenue of Langham mainly includes the rental income of three hotel properties receivable from Great Eagle.
- During the period, income from sale of properties and rental income of HK\$nil (2021: HK\$19,032,000) and HK\$21,033,000 (2021: HK\$14,918,000), respectively, were recognised by the US Real Estate Fund.

4. SEGMENT INFORMATION (CONTINUED)**Segment assets and liabilities**

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

30 June 2022

	Assets HK\$'000 (unaudited)	Liabilities HK\$'000 (unaudited)	Net Assets HK\$'000 (unaudited)
Hotel operation (note a)	18,404,365	5,769,425	12,634,940
Property investment (note a)	6,198,046	55,417	6,142,629
Property development (note a)	12,709,419	6,816,732	5,892,687
Other operations (note a)	583,353	284,728	298,625
Unallocated (note a)	6,104,578	4,246,444	1,858,134
Great Eagle Operations (note b)	43,999,761	17,172,746	26,827,015
Champion REIT (note c)	45,361,958	11,943,693	33,418,265
Langham (note d)	10,533,012	4,737,461	5,795,551
US Real Estate Fund (note e)	434,026	156,325	277,701

31 December 2021

	Assets HK\$'000 (audited)	Liabilities HK\$'000 (audited)	Net Assets HK\$'000 (audited)
Hotel operation (note a)	19,086,218	6,014,858	13,071,360
Property investment (note a)	6,034,509	49,365	5,985,144
Property development (note a)	12,896,718	7,169,091	5,727,627
Other operations (note a)	686,738	289,572	397,166
Unallocated (note a)	8,364,938	4,032,137	4,332,801
Great Eagle Operations (note b)	47,069,121	17,555,023	29,514,098
Champion REIT (note c)	45,990,748	12,378,549	33,612,199
Langham (note d)	10,139,666	4,727,395	5,412,271
US Real Estate Fund (note e)	426,046	154,373	271,673

4. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (continued)

Notes:

- (a) The segment assets include primarily investment properties, property, plant and equipment, right-of-use assets, deposit for hotel renovation and acquisition of an investment property, equity instruments at fair value through other comprehensive income ("FVTOCI"), stock of properties, inventories, notes and loan receivables, financial assets at FVTPL, time deposits with original maturity over three months, bank balances and cash and debtors, deposits and prepayments attributable to respective operating segments. The segment liabilities include primarily creditors, deposits and accruals, borrowings, lease liabilities, provision for taxation and deferred taxation attributable to respective operating segments.
- (b) Included in the assets and liabilities are bank deposits and restricted cash of HK\$4,344,027,000 (31 December 2021: HK\$4,359,818,000) and borrowings of HK\$11,602,821,000 (31 December 2021: HK\$11,573,080,000), representing net debt of HK\$7,258,794,000 as at 30 June 2022 (31 December 2021: HK\$7,213,262,000).
- (c) Assets and liabilities of Champion REIT are based on published financial information of Champion REIT, at the effective interest held by Great Eagle Holdings Limited, being 67.99% (31 December 2021: 67.76%), excluding the effective interest of the distribution payable attributable from Champion REIT of HK\$430,758,000 (31 December 2021: HK\$435,128,000).
- (d) Assets and liabilities of Langham are based on published financial information of Langham, at the effective interest held by Great Eagle Holdings Limited, being 69.53% (31 December 2021: 69.39%). It includes three hotel properties with appraised value of HK\$14,887,000,000 as at 30 June 2022 (31 December 2021: HK\$14,407,000,000). The three hotel properties are self-operated by Great Eagle and accordingly recognised as property, plant and equipment with corresponding carrying amount (at cost less accumulated depreciation) of HK\$3,512,593,000 (31 December 2021: HK\$3,591,409,000) in the Group's condensed consolidated statement of financial position.
- (e) Assets and liabilities of the US Real Estate Fund are based on results of the fund at the 49.97% (31 December 2021: 49.97%) interest held by Great Eagle Holdings Limited.

5. OTHER INCOME

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest income on:		
Bank deposits	11,465	10,335
Financial assets at FVTPL	4,786	9,204
Notes and loan receivables	11,675	67,152
Others	1,968	7,348
	29,894	94,039
Government subsidy (note)	25,207	47,321
Sundry income	3,048	4,962
	58,149	146,322

Note:

During the current interim period, the Group recognised government grants of HK\$25,207,000 (30 June 2021: HK\$47,321,000) in respect of COVID-19 related subsidies.

6. FINANCE COSTS

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Interest on bank and other borrowings	217,820	306,905
Interest on medium term notes	119,942	122,868
Interest on lease liabilities	252	375
Other borrowing costs	38,086	32,153
	376,100	462,301
Less: amount capitalised (note)	(26,841)	(95,228)
	349,259	367,073

Note:

Interest were capitalised at an average annual rate of 0.83% (30 June 2021: 3.27%) to property development projects.

7. PROFIT (LOSS) BEFORE TAX

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit (loss) before tax has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments)	1,100,804	859,704
Share-based payments (including Directors' emoluments)	10,539	7,797
	1,111,343	867,501
Depreciation	446,200	412,478
Share of tax of associates (included in the share of results of associates)	43	45
Share of tax of a joint venture (included in the share of results of joint ventures)	(831)	–
Dividend income from		
– equity instruments at FVTOCI	(5,396)	(3,053)
– financial assets at FVTPL	(7,896)	(6,016)
Loss on disposal of property, plant and equipment (included in administrative and other expenses)	105	32
Net exchange loss (included in administrative and other expenses)	28,932	2,866

8. INCOME TAXES

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax:		
Current period:		
Hong Kong Profits Tax	155,848	190,626
Other jurisdictions	17,101	773
	172,949	191,399
Under(over)provision in prior periods:		
Hong Kong Profits Tax	2,084	(22)
Other jurisdictions	1,444	(16,484)
	3,528	(16,506)
	176,477	174,893
Deferred tax:		
Current period	39,021	(35,333)
Overprovision in prior periods	(3,904)	(783)
	35,117	(36,116)
	211,594	138,777

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. DIVIDENDS

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
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	365,520	360,396
	731,040	720,792
Dividends declared after the end of reporting period:		
Interim dividend of HK33 cents in respect of the six months ended 30 June 2022 (2021: HK33 cents in respect of the six months ended 30 June 2021) per ordinary share	246,749	241,243

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 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.

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

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Dividends		
Cash	98,926	100,934
Share alternative	266,594	259,462
	365,520	360,396

The Directors have determined that an interim dividend of HK33 cents (2021: HK33 cents) per ordinary share will be paid to the shareholders of the Company, whose names appear in the Register of Members, on 13 October 2022.

10. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Earnings (loss)		
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share		
(Profit (loss) for the period attributable to owners of the Company)	123,864	(783,974)

	Six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic and diluted earnings (loss) per share	731,869,950	720,967,027

For the period ended 30 June 2022, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of the Company's shares.

For the period ended 30 June 2021, the diluted loss per share was the same as the basic loss per share as the computation of diluted loss per share did not assume the exercise of the Company's outstanding share options because it would otherwise result in a decrease in loss per share.

11. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

Investment properties

During the current interim period, the Group acquired an investment property located in Hong Kong at a consideration together with transaction costs for a total amount of HK\$192,255,000 (six months ended 30 June 2021: nil). The Group also had additions to improvement work on investment properties at a cost of HK\$10,797,000 (six months ended 30 June 2021: HK\$38,524,000).

11. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Investment properties (continued)

The fair value of the Group's investment properties of HK\$70,709,698,000 as at 30 June 2022 (31 December 2021: HK\$71,063,934,000) has been arrived at on a basis of valuation carried out by independent professional property valuers not connected with the Group:

Investment properties in Hong Kong - Cushman & Wakefield Limited and Savills Valuation and Professional Services Limited.

Investment properties in the Mainland China - Knight Frank Petty Limited.

Investment properties in the USA - Cushman & Wakefield Western, Inc.

The valuations for certain investment properties were arrived at by using income capitalisation method which is determined based on the future cash flow of market rentals at market yield expected by property investors and applicable discount rates. The market rentals are also assessed by reference to the rentals achieved in other similar properties in the neighbourhood. The valuation of the remaining investment properties were arrived at by using direct comparison method, which is based on market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject property. Additionally, in estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

Property, plant and equipment

During the current interim period, the Group had additions in relation to structural improvement work on hotel properties of HK\$34,532,000 (six months ended 30 June 2021: HK\$609,000) and hotel buildings under development of HK\$99,502,000 (six months ended 30 June 2021: HK\$355,298,000). The Group also had additions in owner occupied properties in Hong Kong of HK\$nil (six months ended 30 June 2021: HK\$52,000,000) and other property, plant and equipment of HK\$99,667,000 (six months ended 30 June 2021: HK\$100,243,000). During the current interim period, the Group had disposals of other property, plant and equipment with carrying amount of HK\$130,000 (six months ended 30 June 2021: HK\$167,000).

At 30 June 2022 and 2021, the Directors conducted an impairment assessment on hotel properties, neither reversal nor additional impairment loss was recognised for the six months ended 30 June 2022 and 2021.

12. INTERESTS IN JOINT VENTURES

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Cost of investments in joint ventures (note 1)	391,261	413,332
Share of post-acquisition results and other comprehensive income	(97,440)	(132,928)
	293,821	280,404
Amount due from a joint venture (note 2)	51,882	57,339
	345,703	337,743

Notes:

1. Included an amount due from a joint venture of HK\$211,364,000 (31 December 2021: HK\$233,733,000) which is in substance form part of the Group's net investment in the joint venture. The amount is unsecured and non-interest bearing.
2. Included an amount due from a joint venture of HK\$51,588,000 (31 December 2021: HK\$57,047,000) which is denominated in Pound Sterling and is unsecured, repayable on demand and carrying interest at market rate agreed between the lender and the borrower reasonably and in good faith from time to time.

In determining whether there exists any objective evidence of impairment of the Group's interests in joint ventures, the Directors consider any loss events at the end of the reporting period which may have an impact on the estimated future cash flows of its joint ventures. The Directors assessed that no objective impairment was identified. Accordingly, no impairment loss is recognised.

13. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Listed equity securities in Hong Kong	323,506	281,123
Listed equity securities outside Hong Kong	1,818,098	4,003,540
Unlisted equity securities in Hong Kong	153,196	152,946
Unlisted equity securities outside Hong Kong	758,610	757,974
	3,053,410	5,195,583

At the end of the reporting period, all the listed equity securities were stated at fair values which have been determined by reference to closing prices quoted in the active markets.

Included in listed equity securities outside Hong Kong is an investment in an electric vehicle company, Lucid Group, Inc. ("Lucid"), listed in the USA. As at 30 June 2022, the Group holds approximately 13.4 million shares (representing 0.81% shareholding) of Lucid with fair value of approximately HK\$1,816,347,000.

14. NOTES AND LOAN RECEIVABLES

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Notes receivables (note a)	256,212	232,481
Loan receivables (note b)	220,625	218,358
Mortgage loan receivables (note c)	143,871	191,012
	620,708	641,851
Less: Amounts due within one year shown under current assets	(62,641)	(41,699)
Amounts due after one year	558,067	600,152

Notes:

(a) Notes receivables

At 30 June 2022, the Group held secured bonds with principal amount of HK\$5,611,000 (31 December 2021: HK\$23,494,000) and unsecured bonds with principal amounts of HK\$250,601,000 (31 December 2021: HK\$208,987,000) denominated in US\$ with nominal values ranging from US\$500,000 to US\$6,860,000 (31 December 2021: US\$500,000 to US\$8,000,000) which bear interest at fixed interest rates ranging from 1.5% to 7.88% (31 December 2021: 3.75% to 11.50%) per annum and have maturity dates ranging from September 2022 to May 2026 (31 December 2021: January 2022 to October 2025).

Included in the carrying amount of notes receivables as at 30 June 2022 is accumulated allowance for credit losses of HK\$142,346,000 (31 December 2021: HK\$105,814,000). During the period, the Group recognised HK\$36,441,000 (31 December 2021: HK\$105,466,000) allowance for credit losses on notes receivables in the condensed consolidated income statement.

(b) Loan receivables

At 30 June 2022, the Group held loan receivables with aggregate carrying amounts of US\$28,114,000 (equivalent to approximately HK\$220,625,000) (31 December 2021: US\$28,000,000 (equivalent to approximately HK\$218,358,000)), which bear interest at 1.69% to 6% per annum and have a maturity date in 2025 to 2027.

(c) Mortgage loan receivables

Mortgage loan receivables are secured by second mortgages on properties and repayable by monthly instalments with tenors not more than 25 years at the period end date and carry interest at rates with reference to banks' lending rates.

15. STOCK OF PROPERTIES

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Properties under development for sale (note a)	10,116,433	10,041,857
Properties held for sale (note b)	2,315,427	2,547,605
	12,431,860	12,589,462

Notes:

- (a) In February 2021, the Group entered into various agreements with MTR Corporation Limited (the original owner of a piece of land in Ho Man Tin, Kowloon, which is subject to development) and other interest parties including the preceding developer for the development of the relevant land (the "HMT Project"). Pursuant to the terms of these agreements, the Group became the succeeding developer of the HMT Project.
- (b) Properties held for sale includes a residential site in Pak Shek Kok, Tai Po at the land premium of HK\$2,412,000,000 acquired in 2014. Occupation permit of the development was obtained in June 2020.

As at 30 June 2022 and 31 December 2021, the Directors assessed whether there exists any objective evidence of impairment of the stock of properties held. No recognition of write-down of stock of properties is required as at 30 June 2022 and 31 December 2021.

16. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Trade debtors, net of allowance for doubtful debts	366,668	176,643
Deferred lease receivables	129,198	147,349
Retention money receivables	9,132	8,042
Other receivables, net of credit losses on interest receivables	152,097	216,993
Deposits and prepayments	306,337	244,725
	963,432	793,752

Included in the balance of debtors, deposits and prepayments are trade debtors (net of allowance of doubtful debts) of HK\$366,668,000 (31 December 2021: HK\$176,643,000). For hotel income and sales of goods, the Group allows an average credit period of 30-60 days to certain trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices.

16. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

The trade receivables from contracts with customers and retention money receivables are as follows:

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Trade receivables from contracts with customers	231,440	119,123
Retention money receivables	9,132	8,042
Amount due within one year	(7,198)	(5,771)
Amount due after one year	1,934	2,271

Deposits and prepayments mainly consist of rental deposit paid, prepaid agency commissions of property sales and prepaid expenses for hotels operations.

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

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within 3 months	293,304	115,789
More than 3 months but within 6 months	35,467	19,142
Over 6 months	37,897	41,712
	366,668	176,643

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Equity linked notes	65,356	81,003
Currency linked notes	398,821	162,861
Listed equity securities held for trading	520,135	488,387
	984,312	732,251

At the end of the reporting period, all the listed equity securities were stated at fair values which have been determined by reference to closing prices quoted in the active markets. The Group had entered into equity and currency linked notes with banks, the redemption amount and interest rates vary depending on various conditioning terms and different strike prices, further details are as follows:

30 June 2022

	Nominal values	Maturity period
Equity linked notes		
– HK dollars	HK\$2,000,000 to HK\$7,000,000	4 months
– US dollars	US\$200,000 to US\$1,000,000	4 to 6 months
Currency linked notes		
– US dollars	US\$1,000,000 to US\$27,000,000	3 to 10 months
– Pound Sterling	GBP6,980,000	6 months
– Australian dollars	A\$1,000,000 to A\$3,000,000	7 months

31 December 2021

	Nominal values	Maturity period
Equity linked notes		
– HK dollars	HK\$4,000,000 to HK\$10,000,000	4 months
Currency linked notes		
– Japanese yen	JPY100,000,000 to JPY380,000,000	6 months
– US dollars	US\$1,000,000 to US\$2,500,000	3 to 6 months

18. CREDITORS, DEPOSITS AND ACCRUALS

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Trade creditors	271,694	398,685
Deposits received	749,623	776,500
Customer deposits and other deferred revenue	517,824	418,706
Construction fee payable and retention money payable	697,163	762,991
Accruals, interest payable and other payables (note)	4,828,109	4,837,854
	7,064,413	7,194,736

Note:

With reference to the consideration of the HMT Project as disclosed in note 16, the aggregate of the remaining lump sum payment and the estimated sharing of surplus proceeds amounted to HK\$2,821,400,000 (31 December 2021: HK\$2,830,300,000), which is measured at fair value, is included in the accruals, interest payable and other payable as at 30 June 2022.

In determining the sharing of surplus proceeds of the HMT Project, the Directors have taken into account the expectation of forecast sales and budgeted costs of the development, which involves the application of significant judgement and estimates. Inputs and assumption reflecting the best estimation of the Directors are used based on the then available information. Notwithstanding periodic reviews and revisions of these estimates at each subsequent reporting dates, the assumptions and expectations may change when more information become known and/or available so that the actual sharing of surplus proceeds may be higher or lower than the estimated amount. Any changes would be reflected in the financial statements in the period when such changes occur.

Included in the accruals is accrual of stamp duty based on the current stamp duty rate of 4.25% (31 December 2021: 4.25%) on the stated consideration of HK\$22,670,000,000 in the property sale and purchase agreements for the legal assignment of the investment properties which Champion REIT acquired the property interests in Three Garden Road upon listing.

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

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within 3 months	252,540	382,361
More than 3 months but within 6 months	7,952	2,143
Over 6 months	11,202	14,181
	271,694	398,685

19. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2022		31 December 2021	
	Assets HK\$'000 (unaudited)	Liabilities HK\$'000 (unaudited)	Assets HK\$'000 (audited)	Liabilities HK\$'000 (audited)
Interest rate swaps	53,911	–	–	63,122
Cross currency swaps	–	20,900	53,504	–
Foreign currency derivative contracts	–	7,315	–	–
	53,911	28,215	53,504	63,122
Less: Would be matured within one year shown under current assets/liabilities	(3,474)	(7,315)	(53,504)	(5,641)
Would be matured after one year	50,437	20,900	–	57,481

The Group entered into interest rate swaps with aggregate notional amount of HK\$2,700,000,000 (31 December 2021: HK\$3,200,000,000) to manage the exposure to the interest rate risk on the Group's floating-rate borrowings by swapping a proportion of those borrowings from floating rate of Hong Kong Interbank Offered Rate ("HIBOR") to fixed rate ranging from 0.83% to 1.295% (31 December 2021: 0.83% to 2.545%). The Group also entered into interest rate swaps and cross currency swaps to manage the exposure to the interest rates and floating rate loans denominated in other currencies. In addition, the Group used foreign currency derivative contracts to manage its exposure to foreign exchange rate movements.

The fair values of foreign currency derivative contracts, interest rate swaps and cross currency swaps at the end of the reporting periods are provided by counterparty banks. The interest rate swaps, cross currency swaps and foreign currency derivative contracts will be due in May 2023 to December 2023, June 2027 and December 2022 to January 2023, respectively.

20. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Derivative as assets		
Designated as cash flow hedge		
– interest rate swaps (note i)	78,097	–
– cross currency swaps (note ii)	38,858	15,732
	116,955	15,732
Analysed for reporting purpose:		
Shown under current assets	25,161	–
Shown under non-current assets	91,794	15,732
	116,955	15,732
Derivative as liabilities		
Designated as cash flow hedge		
– interest rate swaps (note i)	–	30,214
– cross currency swaps (note ii)	–	2,370
	–	32,584
Analysed for reporting purpose:		
Shown under non-current liabilities	–	32,584

20. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING (CONTINUED)

(i) Interest rate swap

As at 30 June 2022, the Group entered into interest rate swap contracts to minimise its exposure to fluctuations in interest rates of its bank borrowings which bear interest at a floating rate of HIBOR plus 0.95% (31 December 2021: HIBOR plus 0.95%) per annum. The critical terms of the interest rate swaps and the corresponding bank borrowings are identical and the Directors considered that the interest rate swap contracts were highly effective hedging instruments and qualified as cash flow hedges.

	At 30 June 2022 (unaudited)	At 31 December 2021 (audited)
Carrying amount (HK\$'000)	78,097	(30,214)
Notional amount (HK\$'000)	2,900,000	2,900,000
Maturity date	28 June 2024	28 June 2024
Change in fair value of hedging instruments during the period/year (HK\$'000)	93,147	33,783
Change in value of hedged item used to determine hedge effectiveness during the period/year (HK\$'000)	(93,147)	(33,783)
Weighted average swap rate per annum (before interest margin)	1.27%	1.27%

20. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING (CONTINUED)

(ii) Cross currency swap

As at 30 June 2022, the Group entered into cross currency swap contracts to minimise its exposure to fluctuations in foreign currency exchange rates and interest rate of certain of its medium term notes denominated in US\$. The critical terms of the cross currency swaps and the corresponding medium term notes are identical and the Directors considered that the cross currency swaps were highly effective hedging instruments and qualified as cash flow hedges.

	At 30 June 2022 (unaudited)	At 31 December 2021 (audited)
Carrying amount (HK\$'000)	38,858	13,362
Notional amount (US\$'000)	476,400	476,400
Maturity date	17 January 2023 to 15 June 2030	17 January 2023 to 15 June 2030
Change in fair value of hedging instruments during the period/year (HK\$'000)	24,501	13,803
Change in value of hedged item used to determine hedge effectiveness during the period/year (HK\$'000)	(24,501)	(13,803)
Weighted average exchange rate (US\$: HK\$)	7.7640	7.7640

20. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING (CONTINUED)

(iii) Hedging reserve

	Interest rate swap HK\$'000	Cross currency swaps HK\$'000	Total hedging reserves HK\$'000
As at 1 January 2021 (audited)	(81,705)	(1,907)	(83,612)
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedge	33,783	13,803	47,586
Reclassification of fair value adjustment to profit or loss	57,639	(20,683)	36,956
Reclassification of amount attributable to non-controlling unitholders of Champion REIT	(30,131)	2,203	(27,928)
As at 31 December 2021 (audited)	(20,414)	(6,584)	(26,998)
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedge	93,147	24,501	117,648
Reclassification of fair value adjustment to profit or loss	15,108	(23,344)	(8,236)
Reclassification of amount attributable to non-controlling unitholders of Champion REIT	(34,722)	(392)	(35,114)
As at 30 June 2022 (unaudited)	53,119	(5,819)	47,300

The fair values of the above derivatives are based on the valuations provided by the counterparty financial institutions and measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

21. BORROWINGS

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Bank loans and revolving loans	25,588,536	25,588,014
Other loans	219,730	218,358
	25,808,266	25,806,372
Loan front-end fee	(91,911)	(89,126)
	25,716,355	25,717,246

The maturity of the above loans based on scheduled repayment terms is as follows:

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within one year	2,963,096	6,542,795
More than one year but not exceeding two years	16,034,405	6,916,926
More than two years but not exceeding five years	6,718,854	12,257,525
	25,716,355	25,717,246
Less: Amounts due within one year shown under current liabilities	(2,963,096)	(6,542,795)
Amounts due after one year shown under non-current liabilities	22,753,259	19,174,451

Borrowings amounting to HK\$14,050,046,000 (31 December 2021: HK\$14,264,826,000) were secured by way of legal charges over certain of the Group's assets and business undertakings.

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates are as follows:

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
More than three years but not exceeding four years	14,656	–
More than four years but not exceeding five years	219,730	232,794
	234,386	232,794

21. BORROWINGS (CONTINUED)

The exposure of the Group's floating-rate borrowings and the contractual maturity dates are as follows:

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within one year	2,963,096	6,542,795
More than one year but not exceeding two years	16,034,405	6,916,926
More than two years but not exceeding three years	1,758,064	10,277,603
More than three years but not exceeding four years	2,747,679	440,109
More than four years but not exceeding five years	1,978,725	1,307,019
	25,481,969	25,484,452

The Group entered into interest rate swaps and cross currency swaps to manage the exposure to the floating-rate borrowings as disclosed in notes 20 and 21.

The ranges of effective interest rates (which approximate to contracted interest rates) on the Group's borrowings are as follows:

	30 June 2022 (unaudited)	31 December 2021 (audited)
Effective interest rate:		
Fixed-rate borrowings	1% to 2.86%	1% to 2.86%
Variable-rate borrowings	0.31% to 4.92%	0.33% to 4.98%

22. MEDIUM TERM NOTES

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Medium term notes	7,086,524	7,695,890
Origination fees	(41,461)	(46,330)
	7,045,063	7,649,560
Less: Amount due within one year shown under current liabilities	(3,029,794)	(643,000)
Amount due after one year shown under non-current liabilities	4,015,269	7,006,560

The maturity of the medium term notes is as follows:

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within one year	3,029,794	643,000
More than one year but not exceeding two years	–	3,008,647
More than two years but not exceeding five years	1,417,528	1,416,401
Over five years	2,597,741	2,581,512
	7,045,063	7,649,560
Less: Amount due within one year shown under current liabilities	(3,029,794)	(643,000)
Amount due after one year shown under non-current liabilities	4,015,269	7,006,560

22. MEDIUM TERM NOTES (CONTINUED)

The major terms of the issued medium term notes are set out below:

As at 30 June 2022

Principal amount	Coupon rate (per annum)
US\$686,400,000	2.95% to 3.75%
HK\$1,700,000,000	Fixed rates ranging from 2.75% to 4.00%

As at 31 December 2021

Principal amount	Coupon rate (per annum)
US\$686,400,000	2.95% to 3.75%
HK\$2,343,000,000	3-month HIBOR plus 1.275% or fixed rates ranging from 2.75% to 4.00%

The Group also entered into cross currency swaps, details of which are set out in note 21.

23. LEASE LIABILITIES

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Within one year	9,385	11,121
More than one year but not exceeding two years	1,731	5,156
More than two years but not exceeding five years	5,132	5,104
Over five years	–	867
	16,248	22,248
Less: Amount due within one year shown under current liabilities	(9,385)	(11,121)
Amount due after one year shown under non-current liabilities	6,863	11,127

24. SHARE CAPITAL

	30 June 2022 (unaudited)		31 December 2021 (audited)	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised:				
Shares of HK\$0.50 each				
Balance brought forward and carried forward	1,200,000	600,000	1,200,000	600,000
Issued and fully paid:				
Shares of HK\$0.50 each				
Balance brought forward	731,040	365,520	719,920	359,960
Issued upon exercise of share options under the share option schemes	–	–	873	436
Issued as scrip dividends	16,683	8,342	10,247	5,124
Balance carried forward	747,723	373,862	731,040	365,520

During the six months ended 30 June 2022, 16,682,933 (31 December 2021: 10,247,300) shares of HK\$0.5 each in the Company were issued at HK\$15.98 (31 December 2021: HK\$25.32) per share as scrip dividends.

25. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2022, 16,682,933 (31 December 2021: 10,247,300) shares of HK\$0.50 each in the Company were issued at HK\$15.98 (31 December 2021: HK\$25.32) per share as scrip dividends.

During the six months ended 30 June 2021, bank borrowings of HK\$5,877,000,000 was assumed from previous developer to the Group, as discussed in note 15.

26. SHARE OPTIONS

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the period are as follows:

	Number of share options (unaudited)
Outstanding at 1 January 2022	19,383,000
Granted during the period	5,052,000
Lapsed during the period	(3,903,000)
Outstanding at 30 June 2022	20,532,000

During the period, 5,052,000 share options were granted on 18 March 2022. The closing price of the Company's shares immediately before 18 March 2022, the date of grant, were HK\$18.07. The fair value of the options determined at the date of grant using the Black-Scholes option pricing model were derived with the following significant assumptions:

Date of grant:	18 March 2022
Closing price per share as at the date of grant:	HK\$19.06
Exercise price:	HK\$19.06
Expected volatility (note a):	33.54%
Expected dividend yield (note b):	5.26%
Expected life from grant date:	5 years
Risk free interest rate (note c):	2.15%
Fair value per option:	HK\$4.24

Notes:

- (a) The expected volatility was based on 5-year historical volatility of the Company's shares.
- (b) The expected dividend yield was based on 5-year historical dividends of the Company.
- (c) Risk free interest rate was approximated the yield of 5-year Exchange Fund Note on the date of grant.
- (d) The vesting period for the option grant is 24 months from the date of grant.

The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Change in variables and assumptions may result in changes in the fair value of the options.

27. COMMITMENTS AND CONTINGENT LIABILITIES

At 30 June 2022, the Group has authorised capital expenditure for investment properties and property, plant and equipment which is not provided for in these condensed consolidated financial statements amounting to HK\$8,673,939,000 (31 December 2021: HK\$9,386,652,000) in aggregate of which HK\$823,625,000 (31 December 2021: HK\$888,306,000) was contracted for.

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

28. CONNECTED AND RELATED PARTY DISCLOSURES

The Group had the following significant related party balances and transactions during the period. The transactions were carried out in the normal course of the Group's business on terms mutually agreed between the parties. Dr. Lo Ka Shui is the chairman and managing director of the Company. Transactions with the Group were disclosed as related party transactions.

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Transactions with a related party for the period		
Dr. Lo Ka Shui		
Management fee income	672	672
Transactions with related companies for the period		
Shui On Land Limited and its subsidiaries ¹		
Lease payment	940	933
Management fee expenses	1,707	1,808
Hotel income	544	–
Shui Sing Holdings Limited and its subsidiaries ²		
Management fee income	132	132
Repair and maintenance income	85	242
Agency fee income	26	24
Healthy Seed ³		
Rental income	100	159
Building management fee income	83	83
Management fee income	72	72
Repair and maintenance income	–	14

Transactions with related companies are also connected transactions as defined in the chapter 14A of the Listing Rules.

28. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Balances with related companies		
Amounts due from related companies (included in debtors, deposits and prepayments)		
SOCAM Development Limited and its subsidiaries ¹	67	117
Shui On Land Limited and its subsidiaries ¹	1,871	1,961
Shui Sing Holdings Limited and its subsidiaries ²	476	559
	2,414	2,637
Amount due from a related party (included in debtors, deposits and prepayments)		
Mr. Lo Kai Shui	664	664
Amounts due to related companies (included in creditors, deposits and accruals and lease liabilities)		
Shui On Land Limited and its subsidiaries ¹	1,674	525
Healthy Seed ³	96	96
Shui Sing Holdings Limited and its subsidiaries ²	639	1,058
	2,409	1,679

Balances with related companies are unsecured, interest-free and repayable on demand.

28. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)

Notes:

- ¹ Mr. Lo Hong Sui, Vincent, being a director and controlling shareholder of these companies, is an associate of Dr. Lo Ka Shui (a substantial shareholder of the Company), Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Dr. Lo Ying Sui and Mr. Lo Chun Him, Alexander, all being Directors of the Company, and Mr. Lo Kai Shui.
- ² Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, and Mr. Lo Kai Shui, are among the discretionary beneficiaries under a discretionary trust, being a substantial shareholder of this company, holding 34.06% (31 December 2021: 33.78%) interest of the Company.
- ³ Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of this company.

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair values of the Group's financial assets and financial liabilities that are measured at fair values on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

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

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)**Fair values of the Group's financial assets and financial liabilities that are measured at fair values on a recurring basis (continued)**

Financial assets/(liabilities)	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2022 HK\$'000	31 December 2021 HK\$'000		
Listed equity securities classified as equity instruments at FVTOCI in the condensed consolidated statement of financial position.	2,141,604	4,284,663	Level 1	Quoted market bid prices in an active market.
Listed equity securities held for trading in the condensed consolidated statement of financial position.	520,135	488,387	Level 1	Quoted market bid prices in an active market.
Unlisted equity securities classified as equity instruments at FVTOCI in the condensed consolidated statement of financial position.	639,439	696,221	Level 1	Broker's quote which reflects the Group's share of fair value of the underlying investments which are publicly traded equity investments.
Foreign currency derivative contracts classified as derivative financial instruments in the condensed consolidated statement of financial position.	(7,315)	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Interest rate swaps classified as derivative financial instruments in the condensed consolidated statement of financial position.	132,008	(93,336)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable forward interest rates at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Cross currency swaps classified as derivative financial instruments in the condensed consolidated statement of financial position.	38,858 (20,900)	69,236 (2,370)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and interest rates (from observable forward exchange rates and interest rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair values of the Group's financial assets and financial liabilities that are measured at fair values on a recurring basis (continued)

Financial assets/(liabilities)	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	30 June 2022 HK\$'000	31 December 2021 HK\$'000			
Unlisted equity securities classified as equity instruments at FVTOCI in the condensed consolidated statement of financial position.	272,367	214,699	Level 3	Market approach. It is based on the best information available in the circumstances and includes appropriate risk adjustments for lack of marketability.	Multiples of several comparable companies and risk adjustments for lack of marketability. (Note a)
Equity and currency linked notes classified as financial assets at FVTPL in the condensed consolidated statement of financial position.	464,177	243,864	Level 3	Discounted cash flow. Future cash flows are estimated based on share price/foreign currency exchange rate (from observable share price/foreign currency exchange rate at the end of the reporting period) and contracted share price/foreign currency exchange rate, discounted at a rate that reflects the credit risk of various counterparties.	Volatility of underlying share prices/foreign currency exchange rate. (Note b)
Other payable classified as financial liability designated as at fair value in the condensed consolidated statement of financial position.	2,821,400	2,830,300	Level 3	Discounted cash flow. Future cash flows are estimated based on the forecast sales and budgeted costs to completion, discounted at a rate that reflects the risk of counterparty.	Forecast sales, budgeted costs to completion and discount rate. (Note c)

29. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)**Fair values of the Group's financial assets and financial liabilities that are measured at fair values on a recurring basis (continued)**

Notes:

- (a) The higher the multiples, the higher the fair value of unlisted equity securities. The higher the risk adjustments, the lower the fair value of unlisted equity securities. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.
- (b) The higher the volatility, the higher the fair value of equity and currency linked notes. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.
- (c) The higher the forecast sales, the higher the fair value of other payable. The higher the budgeted costs to completion, the lower the fair value of other payable. The higher the discount rate, the lower the fair value of other payable. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.

Reconciliation of Level 3 fair value measurements

	Other payable HK\$'000	Equity and currency linked notes HK\$'000	Unlisted equity securities HK\$'000
As at 1 January 2021	–	258,670	81,129
Increase	2,830,300	916,244	289,702
Decrease	–	(927,276)	–
Change in fair value	–	(3,774)	2,385,653
Transfer to level 1	–	–	(2,541,785)
As at 31 December 2021	2,830,300	243,864	214,699
Increase	–	514,301	75,777
Decrease	–	(117,848)	(17,288)
Change in fair value	(8,900)	(176,140)	–
Transfer to level 1	–	–	(821)
As at 30 June 2022	2,821,400	464,177	272,367

The above changes in fair value of equity and currency linked notes and unlisted equity securities are included in “fair value changes on financial assets at FVTPL” in the condensed consolidated income statement and “fair value (loss) gain on equity instruments at FVTOCI” in the condensed consolidated statement of comprehensive income, respectively.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate to their fair values. They are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

GLOSSARY OF TERMS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

Term	Definition
"2009 Share Option Scheme"	the share option scheme of the Company adopted by an ordinary resolution passed on 27 May 2009
"2019 Share Option Scheme"	the share option scheme of the Company adopted by an ordinary resolution passed on 22 May 2019
"Bye-laws"	The bye-laws of the Company as may be amended from time to time
"CG Code"	Corporate Governance Code set out in Appendix 14 to the Listing Rules
"Champion REIT"	Champion Real Estate Investment Trust (Stock Code: 2778), a Hong Kong collective investment scheme authorised under section 104 of SFO, in which the Group has an interest of approximately 67.99% as at 30 June 2022
"Code of Conduct for Securities Transactions"	Code of Conduct regarding Securities Transactions by Directors and relevant employees of the Company
"Company"	Great Eagle Holdings Limited
"EBITDA"	Earning before interest, taxes, depreciation and amortisation
"Group"	the Company and its subsidiaries
"HITL"	HSBC International Trustee Limited
"HKAS"	Hong Kong Accounting Standard
"HKFRS"	Hong Kong Financial Reporting Standard
"HKICPA"	Hong Kong Institute of Certified Public Accountants

Term	Definition
"Langham" or "LHI"	Langham Hospitality Investments and Langham Hospitality Investments Limited (Stock Code: 1270), the share stapled units of which are listed on the Stock Exchange, in which the Group had an interest of approximately 69.53% as at 30 June 2022
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"RevPAR"	Revenue per available room
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of ordinary share(s) in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"U.S. Fund" or "U.S. Real Estate Fund"	Pacific Eagle (US) Real Estate Fund, L.P., in which the Group had an interest of approximately 49.97% as at 30 June 2022



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