

# LANGHAM

HOSPITALITY INVESTMENTS

Stock code 股份代號 : 1270



Interim Report 中期報告

# 2024



# LANGHAM HOSPITALITY INVESTMENTS

## CORPORATE PROFILE

Langham Hospitality Investments has been established primarily to own and invest in a portfolio of hotels, with an initial focus on completed hotels in Asia. The initial asset portfolio comprises:

The Langham,  
Hong Kong

Cordis,  
Hong Kong

Eaton HK

The Langham, Hong Kong and Cordis, Hong Kong are both High Tariff A hotels and Eaton HK is a High Tariff B hotel under the classification set out by Hong Kong Tourism Board, with High Tariff A being the highest category and High Tariff B being the second highest category.

Each of the Hotels is located on the Kowloon peninsula in Hong Kong, a vibrant commercial and leisure hub which offers a variety of activities ranging from shopping, food and beverage, and entertainment to cultural attractions.

The Hotels are also located near well-connected transportation hubs in Hong Kong allowing guests to enjoy access to other leisure and business districts in Hong Kong.



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# CORPORATE INFORMATION

## TRUST

### **Langham Hospitality Investments**

*(a fixed single investment trust constituted pursuant to the Trust Deed under the laws of Hong Kong)*

## COMPANY

### **Langham Hospitality Investments Limited**

*(incorporated in the Cayman Islands with limited liability)*

## TRUSTEE-MANAGER

### **LHIL Manager Limited**

*(as Trustee-Manager of the Trust)*

## COMPANY AND TRUSTEE-MANAGER BOARDS OF DIRECTORS

LO Ka Shui *(Chairman and Non-executive Director)*

Brett Stephen BUTCHER *(Chief Executive Officer and Executive Director)*

CHAN Ka Keung, Ceajer\*

LIN Syaru, Shirley\*

LO Chun Him, Alexander#

LO Chun Lai, Andrew#

WONG Kwai Lam\*

# Non-executive Directors

\* Independent Non-executive Directors

## COMPANY AND TRUSTEE-MANAGER AUDIT COMMITTEES

WONG Kwai Lam *(Chairman)*

CHAN Ka Keung, Ceajer

LIN Syaru, Shirley

## COMPANY REMUNERATION COMMITTEE

CHAN Ka Keung, Ceajer *(Chairman)*

LO Ka Shui

LIN Syaru, Shirley

WONG Kwai Lam

## COMPANY NOMINATION COMMITTEE

LIN Syaru, Shirley *(Chairperson)*

LO Ka Shui

CHAN Ka Keung, Ceajer

WONG Kwai Lam

## COMPANY SECRETARY

WONG Mei Ling, Marina

## AUDITOR

Deloitte Touche Tohmatsu

*Certified Public Accountants*

*Registered Public Interest Entity Auditors*



## CORPORATE INFORMATION

### LEGAL ADVISORS

Conyers Dill & Pearman  
Mayer Brown

### PRINCIPAL BANKERS

Agricultural Bank of China Limited  
Bank of China (Hong Kong) Limited  
Bank of Communications Co., Ltd.  
China Construction Bank (Asia) Corporation Limited  
China Construction Bank Corporation Hong Kong Branch  
Chong Hing Bank Limited  
Hang Seng Bank Limited  
Overseas-Chinese Banking Corporation Limited  
Sumitomo Mitsui Banking Limited  
The Hongkong and Shanghai Banking Corporation Limited

### COMPANY REGISTERED OFFICE

Cricket Square, Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### COMPANY PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2702, 27th Floor  
Great Eagle Centre  
23 Harbour Road  
Wanchai, Hong Kong  
Tel: (852) 2186 2500  
Fax: (852) 2186 9867

### COMPANY PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### COMPANY HONG KONG BRANCH SHARE REGISTRAR AND SHARE STAPLED UNITS REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### WEBSITE

[www.langhamhospitality.com](http://www.langhamhospitality.com)

### INVESTORS ENQUIRIES

For enquiries from investors or Holders of Share Stapled Units, please email to [enquiry@langhamhospitality.com](mailto:enquiry@langhamhospitality.com)

### HKEX STOCK CODE

1270



## FINANCIAL HIGHLIGHTS

(in HK\$ million, unless otherwise specified)	1H 2024	1H 2023	Change
Revenue of hotel portfolio	<b>772.9</b>	720.9	7.2%
Total rental income for the Trust Group after netting service fees	<b>191.1</b>	235.8	-19.0%
Profit attributable to Holders of Share Stapled Units excluding fair value changes on investment properties and derivative financial instruments, and change related to settlement arrangement of hotel management fees and licence fee ("Hotel Manager's Fees")	<b>4.3</b>	94.3	-95.4%
Distributable income	<b>34.0</b>	136.8	-75.1%
Interim distribution per Share Stapled Unit	–	–	–

  

As at	30 Jun 2024	31 Dec 2023	30 Jun 2023
Gross value of hotel portfolio (in HK\$ million)	<b>15,725</b>	15,662	15,265
Net asset value per Share Stapled Unit	<b>HK\$2.75</b>	HK\$2.77	HK\$2.65
Gearing ratio	<b>38.1%</b>	38.3%	40.5%



## CHAIRMAN'S STATEMENT

Visitor arrivals in the first half of 2024 compared to the same period last year rose 64%, reaching about 21 million visitors. This is marked by a daily influx of 116,000 visitors, with Mainland visitors constituting the majority. The year-on-year increase in visitors was most evident in the first two months of 2024 as the previous year was still somewhat COVID-19 affected. It is important to note however that total overnight visitor arrivals in the first half of 2024 was only 76% of the same period in 2018.

The first two months of this year witnessed a good increase in our hotel portfolio's business performance over last year. This upswing was partially attributed to this year's less-impeded business environment and return of some conferences and events. However, the momentum started to slow in March 2024 due to a shift in traveler demographics and new consumer behaviors, along with a growing preference among locals to explore food and beverage offerings in the Greater Bay Area cities outside Hong Kong. Consequently, total revenue in the second quarter not only fell short of the first quarter's figures but also lagged behind the previous year's performance. Nevertheless, the overall performance for the first half of 2024 showed a moderate improvement. Overall, our hotel portfolio recorded 7.2% year-on-year growth in total revenue.

Our hotel portfolio managed to balance occupancy and average room rate, which increased 3.3 percentage points and 4.2%, respectively. As a result, we saw an 8.1% year-over-year growth in revenue per available room ("RevPAR") in the first half of 2024. The food and beverage ("F&B") business saw a slight growth in the first half of 2024, with F&B revenue rising 5.7% year-over-year, mainly attributed to the banquet business.

The Hotels' aggregate gross operating profit before the deduction of global marketing fee increased by only 2.4%, or HK\$5.5 million to HK\$232.5 million. Increase in profits were eroded by rising food and labor expenses, as well as higher commissions to travel agents.

Fixed rental income of HK\$111.9 million and variable rental income of HK\$116.2 million, representing our 50% share of the Hotels' aggregate gross operating profit before the deduction of global marketing fee, were earned in the first half of 2024. While the Hotels' operations have shown moderate improvement, the Trust Group's variable rental income experienced a notable decline of HK\$42.7 million, or 26.9% year-on-year. This downturn was attributed to the adjustment in the profit-sharing percentage between the Trust Group and the lessee. Previously, the Hotels contributed 70% of their aggregate gross operating profit before the deduction of global marketing fee to the Trust Group as variable rent. Following a rent review conducted by an independent valuer in 2023 under the Master Lease Agreements, the market rental package for the Hotels was determined for the third term starting from 1 January 2024. With the approval of the independent Holders of Share Stapled Units, the profit-sharing percentage relating to variable rent has now been reduced to 50%. Despite this change, the base rent remains unchanged.

Overall, total gross rental income after accounting for service fees expenses declined by 19.0% to HK\$191.1 million in the first half of 2024. After deducting the hotel property related expenses, the Trust Group's net property income decreased by 20.0% year-on-year to HK\$180.9 million.



## CHAIRMAN'S STATEMENT

The outstanding loan balance for the first half of 2024 was smaller than that in the first half of 2023 following the net repayment in bank borrowings of HK\$257.9 million in December 2023 that signified a strategic move to alleviate the financial burden. However, the Trust Group continued to face the challenges of persistent high interest rates during the period. 21.2% or HK\$28.3 million rise in interest expenses on bank borrowings highlighted the impact of increasing interest rates as compared with the first half of 2023. The average interest rate of our bank borrowings incurred by the Trust Group climbed to 5.4% per annum in the first half of 2024, an increase of 1.1 percentage point as compared with the first half of 2023.

Following the expiry of a considerable proportion of our interest rate swaps with low average fixed rates in December 2023, the realised gain coming from the swaps dropped by 86.2% or HK\$26.2 million. As a result, only HK\$4.2 million was derived from the swaps in the first half of 2024, which partly compensated the rise of interest expense on bank borrowings. The Trust Group will closely monitor and actively manage interest rate risks by swapping more when we think it is appropriate.

As at 30 June 2024, valuation of the hotel portfolio rose to HK\$15,725.0 million as compared with HK\$15,662.0 million as at the end of December 2023. The gain in the fair value of investment properties (hotel portfolio) and derivative financial instruments booked during the period amounted to HK\$53.3 million was partially offset by the change related to settlement arrangement of hotel management fees and licence fee ("Hotel Manager's Fees"). The combined effect of these key non-cash items helped to deliver a net profit of HK\$43.0 million for the period.

However, net profit, excluding these non-cash fair value changes of investment properties and derivative financial instruments, and change related to settlement arrangement of Hotel Manager's Fees, was HK\$4.3 million, representing a decrease of 95.4% as compared with the first half of 2023. The major changes versus last year are reflected in less variable rent being paid to the Trust Group of HK\$42.7 million and higher finance costs of HK\$53.3 million. After adjusting for other non-cash items, total distribution income amounted to HK\$34.0 million for the first half of 2024. No interim distribution was declared.

The Net Asset Value ("NAV") of the Trust Group amounted to HK\$9,284.1 million or HK\$2.75 per Share Stapled Unit as at the end of June 2024. Based on the Company's closing price of HK\$0.56 per Share Stapled Unit on 28 June 2024 (last trading day in June 2024), the Trust Group's NAV represented a premium of 391.1% to the Company's closing price. The gearing ratio was 38.1% as at the end of June 2024 as compared with 38.3% as at the end of December 2023.

## OUTLOOK

The prolonged conflicts in the Middle East and Ukraine, combined with the trade conflicts between the United States and China, have caused uncertainty in the global economy. The slowing world economy, high-interest rates, airline capacity issues, changes in tourist behavior and the growing number of locals traveling to the Greater Bay Area cities outside Hong Kong for competitive dining are a handful of the factors that will continue to affect the hospitality and tourism industries in Hong Kong.

In the first half of 2024, total visitor numbers reached 76% of the 2018 figures showing a gradual trajectory to full recovery in the future. The anticipated completion of key infrastructure projects and the development of new attractions, such as Kai Tak Sports Park, the East Kowloon Cultural Centre and SkyCity, are expected to help bolster the hotel sector. Additionally, the expansion of the Individual Visit Scheme to include more cities in Mainland China is likely to underpin Mainland visitor arrivals.

To strengthen the profitability of the Hotels in the existing business landscape, we focus on expense reductions where possible, and the Hotels are engaged to find more efficient operating models across the accommodation and food and beverage operations.

Our high-quality operations, superior assets and excellent locations are underpinning our Hotels' operations as business demand and arrivals are forecasted to increase. Interest rates are also forecasted to begin a gradual decline later this year which will bring welcome reductions to our finance costs, although we do not see any major changes from the present operating environment for the remainder of 2024.

On behalf of the Boards, I would like to express my sincere gratitude to the Hotel teams and staff of the Trustee-Manager and the Trust Group for their dedication, and extend my sincere thanks to our Unitholders for their continued support.



**LO Ka Shui**  
*Chairman*



## CEO'S REVIEW

As the Hotels of the Trust Group are leased to GE (LHIL) Lessee Limited (the "Master Lessee"), an indirect wholly-owned subsidiary of Great Eagle Holdings Limited, the Trust Group receives rent in the form of a pre-determined fixed rental income (pro-rata at HK\$225.0 million per annum) and a variable rent calculated at 50% of the Hotels' aggregate gross operating profit before the deduction of global marketing fee. In addition to the fixed and variable rental income from the Master Lessee, the Trust Group also receives rental income directly from the retail shops located at Eaton HK, which are leased to independent third parties.

In the first half of 2024, the Trust Group maintained a steady stream of fixed rental income, amounting to HK\$111.9 million. However, despite the stability in base rent, the Trust Group experienced a notable decrease in variable rental income by HK\$42.7 million, or 26.9% to HK\$116.2 million, compared to the same period last year. This decline was primarily due to the change in the applicable percentage in calculating the variable rent share from 70% to 50% while the base rent remained unchanged. Combined with a modest rental income from the retail shops at Eaton HK of HK\$0.9 million, total rental income received by the Trust Group before service fees was HK\$229.0 million in the first half of 2024, representing a decline of 15.7% year-on-year.

After netting off HK\$37.9 million in service fees incurred, total rental income was HK\$191.1 million, representing a year-on-year decline of 19.0%.

(in HK\$ million)	1H 2024	1H 2023	Change
Fixed rental income	111.9	111.6	0.3%
Variable rental income	116.2	158.9	-26.9%
Rental income from retail shops	0.9	1.0	-10.0%
<b>Total rental income before service fees</b>	<b>229.0</b>	<b>271.5</b>	<b>-15.7%</b>
Service fees expenses	(37.9)	(35.7)	6.2%
<b>Total rental income for the Trust Group</b>	<b>191.1</b>	<b>235.8</b>	<b>-19.0%</b>

Total service fees comprise: i) hotel management fees; ii) licence fee; and (iii) global marketing fee paid to the hotel management companies. Hotel management fees comprise a base management fee, which is calculated at 1.5% of total hotel revenue, and an incentive fee of 5.0% of the adjusted gross operating profit of the relevant hotels. The licence fee is calculated based on 1.0% of the total revenue of the relevant hotel, and the global marketing fee is calculated at 2.0% of total room revenue of the relevant hotel. It should be noted that when calculating distributable income, the global marketing fee is paid in cash. As for Hotel Manager's Fees, the Hotel Manager can elect to be paid in the form of Share Stapled Units, cash or a combination of both. For the three years ending 31 December 2024, the Hotel Manager has elected to be paid wholly in the form of Share Stapled Units for the payment of Hotel Manager's Fees. In addition, the allotment and issue of such Share Stapled Units can be done within three years from the payment deadline day as long as the public float requirement of the Listing Rules could be satisfied. These specific mandates were approved by the majority of independent Holders of Share Stapled Units in the extraordinary general meeting held on 8 May 2024.

In the first half of 2024, reflecting the moderate improvement in the operating performance of the Hotels as compared with the same period in the previous year, hotel management fees rose by 4.8% to HK\$21.9 million, licence fee rose by 6.9% to HK\$7.7 million and global marketing fee rose by 9.2% to HK\$8.3 million. Total service fees payable to the hotel management companies in the first half of 2024 increased by 6.2% year-on-year to HK\$37.9 million.

(in HK\$ million)	1H 2024	1H 2023	Change
Hotel management fees	21.9	20.9	4.8%
Licence fee	7.7	7.2	6.9%
Global marketing fee	8.3	7.6	9.2%
<b>Total service fees</b>	<b>37.9</b>	<b>35.7</b>	<b>6.2%</b>

Hotel property related expenses increased by 4.1% year-on-year to HK\$10.2 million in the first half of 2024, attributed mainly to rising insurance premiums and warehouse licence fee. Overall, the net property income of the Trust Group came to HK\$180.9 million in the first half of 2024, representing a 20.0% year-on-year decrease.

(in HK\$ million)	1H 2024	1H 2023	Change
<b>Total rental income after service fees</b>	<b>191.1</b>	235.8	-19.0%
Hotel property related expenses	(10.2)	(9.8)	4.1%
<b>Net property income</b>	<b>180.9</b>	<b>226.0</b>	<b>-20.0%</b>

Total finance costs increased to HK\$162.8 million in the first half of 2024, representing a 48.7% increase over the same period last year, even though the outstanding bank borrowings for the first half of 2024 were lowered by HK\$257.9 million as compared with the same period last year. This surge is primarily driven by a 21.2% hike in interest expense on bank borrowings, amounting to HK\$28.3 million, and a substantial 86.2% reduction in net interest income from interest rate swaps, which decreased by HK\$26.2 million. These changes are closely linked to the higher level of the Hong Kong Interbank Offered Rate ("HIBOR") and less beneficial swaps in place due to the expiry of several swap contracts in December 2023.

Our swaps generated a net interest gain of HK\$4.2 million in the first half of 2024, which helped to partially offset the impact of the persistent high HIBOR because the average swap rates were lower than the floating rates. The amortisation of the loan extension fee for the first half of 2024, amounting to HK\$4.7 million, represents the allocation of the cost over the period. This extension cost of HK\$9.4 million, which was paid in full in December 2023, is spread out over the 12 months leading to December 2024.



## CEO'S REVIEW

The total notional amount of interest rate swap contracts used to hedge the existing floating rate loans as at 30 June 2024, was HK\$1,500.0 million, representing 24.8% of our outstanding borrowing (before accounting for the loan extension fee). The Trust Group will continue to remain vigilant and closely monitor the interest rate movements and, depending on market conditions, may consider further mitigating its interest rate exposure on the remaining bank debts by swapping part of them from floating to fixed rates when appropriate.

(in HK\$ million)	1H 2024	1H 2023	Change
<b>Breakdown of finance costs</b>			
Interest expense on bank borrowings	(162.1)	(133.8)	21.2%
Net interest on interest rate swaps	4.2	30.4	-86.2%
Loan extension/front-end fee amortisation	(4.7)	(5.6)	-16.1%
Other borrowing costs	(0.2)	(0.5)	-60.0%
<b>Total finance costs</b>	<b>(162.8)</b>	<b>(109.5)</b>	<b>48.7%</b>

Net profit after tax was HK\$43.0 million in the first half of 2024. This period saw a modest increase in the fair value of investment properties (the hotel portfolio) of HK\$37.4 million. When combined with the decrease in net property income and rising finance costs, a stark drop in net profit after tax of 93.2% year-on-year resulted. After adjusting for fair value changes of investment properties and derivative financial instruments, and change related to settlement arrangement of Hotel Manager's Fees, the net profit after tax stands at HK\$4.3 million, down 95.4% year-on-year. Change related to settlement arrangement of the Hotel Manager's Fees of HK\$14.6 million is recorded in the first half of 2024, which represents the difference between the issue of 55,432,596 new Share Stapled Units at HK\$0.646 per unit determined on 4 March 2024 ("New SSUs") and the closing price of HK\$0.910 per unit on 8 May 2024, the day before the actual allotment and issue of the New SSUs due to the deferral in allotment and issue of the New SSUs.

(in HK\$ million)	1H 2024	1H 2023	Change
<b>Net property income</b>	<b>180.9</b>	226.0	-20.0%
Interest and other income	2.0	4.4	-54.5%
Increase in fair value of investment properties (hotel portfolio)	37.4	552.2	-93.2%
Change in fair value of derivative financial instruments (interest rate swaps)	15.9	(15.5)	n.m.
Change related to settlement arrangement of Hotel Manager's Fees	(14.6)	–	n.m.
Administrative and other expenses	(8.1)	(6.7)	20.9%
Finance costs	(162.8)	(109.5)	48.7%
<b>Profit before tax</b>	<b>50.7</b>	<b>650.9</b>	<b>-92.2%</b>
Income tax expense	(7.7)	(19.9)	-61.3%
<b>Profit attributable to Holders of Share Stapled Units</b>	<b>43.0</b>	<b>631.0</b>	<b>-93.2%</b>
<b>Profit attributable to Holders of Share Stapled Units excluding fair value changes on investment properties, and derivative financial instruments, and change related to settlement arrangement of Hotel Manager's Fees</b>	<b>4.3</b>	<b>94.3</b>	<b>-95.4%</b>

To derive the Trust Group's distributable income, profit attributable to Holders of Share Stapled Units was adjusted for the non-cash items. Items adjusted included increase in fair value of investment properties, change in fair value of the derivative financial instruments, change related to settlement arrangement of Hotel Manager's Fees, Hotel Manager's Fees being paid in Share Stapled Units, loan extension/front-end fee amortisation, deferred tax, depreciation and the cash contribution to furniture, fixtures and equipment reserve.

(in HK\$ million)	1H 2024	1H 2023	Change
<b>Profit attributable to Holders of Share Stapled Units</b>	<b>43.0</b>	631.0	-93.2%
Adjustments:			
Increase in fair value of investment properties	(37.4)	(552.2)	-93.2%
Change in fair value of derivative financial instruments	(15.9)	15.5	n.m.
Change related to settlement arrangement of Hotel Manager's Fees	14.6	–	n.m.
Hotel Manager's Fees payable in form of Share Stapled Units	29.6	28.1	5.3%
Loan extension/front-end fee amortisation	4.7	5.6	-16.1%
Deferred tax	6.4	19.0	-66.3%
Depreciation	0.6	0.6	–
Reserve for furniture, fixtures and equipment	(11.6)	(10.8)	7.4%
<b>Distributable income</b>	<b>34.0</b>	<b>136.8</b>	<b>-75.1%</b>

After adjusting for the non-cash items, total distributable income came to HK\$34.0 million in the first half of 2024.

Same as last year, the Boards have decided not to distribute any income for the six months ended 30 June 2024 and allow this to be carried forward.

### Hotel Performance

Revenue breakdown (in HK\$ million)	The Langham, Hong Kong	Cordis, Hong Kong	Eaton HK	Total
Rooms	154.7	178.8	81.9	415.4
Food & Beverages	102.5	139.9	96.4	338.8
Others	4.2	6.1	8.4	18.7
<b>Total revenue</b>	<b>261.4</b>	<b>324.8</b>	<b>186.7</b>	<b>772.9</b>
Year-on-year change	The Langham, Hong Kong	Cordis, Hong Kong	Eaton HK	Total
Rooms	-0.6%	14.2%	17.5%	8.7%
Food & Beverages	0.8%	14.0%	0.4%	5.7%
Others	-2.3%	5.2%	–	1.1%
<b>Total revenue</b>	<b>-0.1%</b>	<b>13.9%</b>	<b>7.2%</b>	<b>7.2%</b>



## CEO'S REVIEW

	Average Daily Rooms Available		Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)	
	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023
<b>The Langham, Hong Kong</b> <i>year-on-year growth</i>	498	498	87.7%	84.5%	1,947	2,044	1,707	1,727
			+3.2 ppt		-4.7%		-1.2%	
<b>Cordis, Hong Kong</b> <i>year-on-year growth</i>	667	667	92.3%	88.4%	1,596	1,468	1,473	1,297
			+3.9 ppt		+8.7%		+13.6%	
<b>Eaton HK</b> <i>year-on-year growth</i>	465	465	88.5%	86.0%	1,093	963	967	828
			+2.5 ppt		+13.5%		+16.8%	
<b>Hotel Portfolio</b> <i>year-on-year growth</i>	1,630	1,630	89.8%	86.5%	1,559	1,496	1,400	1,295
			+3.3 ppt		+4.2%		+8.1%	

Hong Kong Hotel Markets	Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)	
	1H 2024	1H 2023	1H 2024	1H 2023	1H 2024	1H 2023
<b>High Tariff A</b> <i>year-on-year growth</i>	76.0%	73.0%	2,322	2,218	1,765	1,619
	+3.0 ppt		+4.7%		+9.0%	
<b>High Tariff B</b> <i>year-on-year growth</i>	85.0%	83.0%	1,067	1,013	907	841
	+2.0 ppt		+5.3%		+7.8%	
<b>All Hotels</b> <i>year-on-year growth</i>	83.0%	80.0%	1,368	1,299	1,135	1,039
	+3.0 ppt		+5.3%		+9.2%	

The hotel portfolio achieved a RevPAR of HK\$1,400 per night for the first half of 2024, which translated to a year-on-year growth of 8.1%. This growth is underpinned by 3.3 percentage points increase in occupancy to 89.8% and a 4.2% increase in the average daily rate to HK\$1,559 per night.

The Langham, Hong Kong's RevPAR decreased by 1.2% in the first half of 2024 as compared with the same period last year, behind the High Tariff A market's growth of 9.0% while Cordis, Hong Kong performed better than the market with growth in RevPAR of 13.6%. Both hotels have demonstrated robust occupancy rates that are higher than the market's 76% occupancy. Meanwhile, Eaton HK has outperformed its High Tariff B market segment with a significant 16.8% RevPAR growth in the first half of 2024, surpassing the market's growth of 7.8%.

Comparing the first half of this year to the same period last year, revenue from F&B grew by 5.7%. The Hotels' aggregate gross operating profit before the deduction of global marketing fee grew less than the growth in total revenue for the first half of 2024 because the rise in operating costs outpaced the increase in revenue.

### Performance of the individual hotels

**The Langham, Hong Kong** experienced an uptick in room business in January and February, with total revenue increasing 30% year-over-year, attributed to the strong influx of Mainland China tourists wanting luxury hotel accommodation in the Tsim Sha Tsui district, coupled with certain travel restrictions still in effect for the same period last year. However, demand softened from March. When more luxury hotels in the vicinity opted to reduce rates to maintain their occupancy, The Langham, Hong Kong reduced average room rates for the purpose of staying competitive.

The hotel increased its occupancy by 3.2 percentage points to 87.7% in the first half of 2024, while the average room rate decreased by 4.7% to HK\$1,947 per night year-over-year in the first half of 2024. Despite this reduction, the hotel managed to maintain a relatively stable RevPAR, with only a slight decline of 1.2% to HK\$1,707 per night.

The F&B revenue has shown a modest growth of 0.8% in the first half of 2024, despite facing challenges from the emerging trend of locals dining in the Greater Bay Area cities outside Hong Kong. This resilience is attributed to the quality offering at The Langham, Hong Kong and effective promotional strategies.

In the first half of 2024, total revenue flattened with 2023 with a minimal decrease of 0.1%.

**Cordis, Hong Kong** witnessed good performance in both accommodation and F&B businesses in the first quarter this year, with growth over 50% in RevPAR and nearly 30% increase in F&B revenue. However, the hotel faced challenges in the second quarter due to the shift in traveller demographics and new consumer behaviours, alongside a growing preference among locals to explore the Greater Bay Area cities outside Hong Kong for food and beverage alternatives.

In summary, occupancy rose by 3.9 percentage points to 92.3%, while RevPAR showed an increase of 13.6% year-on-year in the first half of 2024 to HK\$1,473 per night.

The 14.0% increase in F&B revenue in the first half of 2024 year-on-year, driven largely by the banquet business, reflects steady demand for meetings and wedding events.

Overall, total revenue increased 13.9% year-on-year in the first half of 2024.

**Eaton HK** saw a surge in accommodation business, with RevPAR recording a significant 52.5% year-on-year growth in the first quarter of 2024. However, this momentum slowed in the second quarter. Despite this deceleration, the hotel remained agile in rate management and targeted promotional campaigns. This approach has culminated in 2.5 percentage points increase in occupancy, reaching 88.5%, and a 16.8% rise in RevPAR, achieving HK\$967 per night.

With the efforts to promote the various outlets of the hotel, F&B revenue maintained a similar level as the same period last year. Banquet business and Yat Tung Heen, a Michelin-starred Chinese restaurant, saw an uptick in business. However, this trend was balanced by a slowing in business at The Astor and Terrible Baby, leading to an overall flattening of F&B revenue with an increase of 0.4%.

The hotel's overall revenue increased by 7.2% in the first half of 2024 compared to the prior year.

## FINANCIAL REVIEW

### Net Assets Attributable to Holders of Share Stapled Units

Net Assets Attributable to Holders of Share Stapled Units was HK\$9,284.1 million or HK\$2.75 per Share Stapled Unit as at 30 June 2024 (31 December 2023: HK\$9,190.7 million or HK\$2.77 per Share Stapled Unit) which represents a 391.1% premium to the closing Share Stapled Unit price of HK\$0.56 as at 28 June 2024 (last trading day in June 2024).

### Debt Profile

Total outstanding borrowings, before accounting for the loan extension fee, of the Trust Group as at 30 June 2024 were HK\$6,059.1 million (31 December 2023: HK\$6,059.1 million). The secured term loans of HK\$5,706.2 million (31 December 2023: HK\$5,706.2 million) were on a floating-rate interest basis and repayable in full in December 2024. The secured revolving loans facilities as at 30 June 2024 was HK\$541.4 million (31 December 2023: HK\$541.4 million). The secured revolving loans drawn down of HK\$352.9 million (31 December 2023: HK\$352.9 million) will revolve on a monthly basis until December 2024 (31 December 2023: December 2024).



## CEO'S REVIEW

In order to mitigate the interest rate exposure, the Trust Group entered into several interest rate swap transactions with bank by swapping certain proportion of the outstanding bank borrowings from floating rates to fixed rates. As at 30 June 2024, total notional amount of the interest rate swap transactions amounted to HK\$1,500.0 million (31 December 2023: HK\$1,500.0 million). Hence, out of total outstanding bank loans (before accounting for the loan extension fee) of HK\$6,059.1 million (31 December 2023: HK\$6,059.1 million), 24.8% (31 December 2023: 24.8%) was fixed at a weighted average swap rate of 3.99% per annum (31 December 2023: 3.99% per annum).

The Trust Group will continue to monitor interest rate movements and may, depending on market conditions, consider to further mitigate its interest rate exposure on part of the remaining bank debt by swapping part of them from floating to fixed rates when appropriate.

As at 30 June 2024, total gross assets of the Trust Group were HK\$15,917.2 million (31 December 2023: HK\$15,835.0 million). Gearing ratio, calculated as total outstanding borrowings as a percentage of total gross assets, was 38.1% (31 December 2023: 38.3%).

### Cash Position

As at 30 June 2024, the Trust Group had a cash balance of HK\$167.7 million (31 December 2023: HK\$122.5 million) to satisfy a portion of asset enhancement of the Hotels, as well as its working capital and operating requirements.

In addition, the Trust Group had unused revolving loans amounting to HK\$188.5 million as of 30 June 2024 (31 December 2023: HK\$188.5 million).

### Pledge of Assets

As at 30 June 2024, all investment properties (31 December 2023: all investment properties) of the Trust Group, together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from the properties, are pledged to secure the term and revolving loan facilities granted to the Trust Group.

### Commitments

As at 30 June 2024, the Trust Group has authorised capital expenditures for investment properties which were not provided for in the condensed consolidated financial statements amounting to HK\$8.3 million (31 December 2023: HK\$15.7 million), of which HK\$5.8 million (31 December 2023: HK\$14.2 million) was contracted for.

Other than above, the Trust Group did not have other significant commitments at the end of the reporting period.



**Brett Stephen BUTCHER**  
*Chief Executive Officer*

## BIOGRAPHICAL DETAILS OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the information of Directors of the Trustee-Manager and the Company subsequent to the publication of the 2023 Annual Report of the Trust and the Company and up to the date of this Interim Report, are updated as follow:

### **Dr. LO Ka Shui**

*Chairman and Non-executive Director*

Dr. LO Ka Shui, aged 77, has been Chairman and Non-executive Director for the Trustee-Manager and the Company since 2013. He is a Member of both the Company's Remuneration Committee and Nomination Committee and is also a Director of all subsidiaries of the Company. Dr. Lo is Chairman and Managing Director of Great Eagle Holdings Limited, and Chairman and Non-executive Director of the Manager of the publicly-listed trust, Champion Real Estate Investment Trust. He is also 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 Director of Hong Kong Exchanges and Clearing Limited; Chairman of the Listing Committee for the 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 the Hong Kong Special Administrative Region; a Board Member of the Airport Authority Hong Kong; and a Member of the University Grants Committee of the Hong Kong Special Administrative Region.

Dr. Lo graduated from McGill University with a Bachelor of Science Degree and obtained a Doctor of Medicine (M.D.) Degree from Cornell University, and was certified in Internal Medicine and Cardiovascular Disease at University of Michigan Hospitals. He has over four decades of experience in property and hotel development and investment both in Hong Kong and overseas. Dr. Lo is the father of Mr. Lo Chun Him, Alexander and an uncle to Mr. Lo Chun Lai, Andrew, both Non-executive Directors of the Trustee-Manager and the Company.

### **Mr. Brett Stephen BUTCHER**

*Chief Executive Officer and Executive Director*

Mr. Brett Stephen BUTCHER, aged 64, has been the Chief Executive Officer and Executive Director of the Trustee-Manager and the Company since April 2019. He is also a Director of all subsidiaries of the Company. Mr. Butcher has over 40 years' extensive hotel business experience in both hotel operations and sales and marketing in Asia, the Pacific and North America. He is currently the Executive Advisor of the hotel asset management arm of Great Eagle Holdings Limited. Mr. Butcher was also the former Chief Executive Officer of Langham Hospitality Group overseeing all aspects of management and brands for the Langham Hospitality Group's global portfolio of hotels, resorts and residences. Mr. Butcher holds a Bachelor's Degree in Business (Hospitality Management) from University of Queensland Lawes Campus.

## BIOGRAPHICAL DETAILS OF DIRECTORS

### **Professor CHAN Ka Keung, Ceajer**

*Independent Non-executive Director*

Professor CHAN Ka Keung, Ceajer, aged 67, has been an Independent Non-executive Director of the Trustee-Manager and the Company since August 2018. He is the Chairman of the Company's Remuneration Committee, a Member of the Company's Nomination Committee and a Member of the Audit Committees of the Trustee-Manager and the Company. Professor Chan holds an Honorary Doctoral Degree from The Hong Kong University of Science and Technology ("HKUST"). Professor Chan is an Adjunct Professor and a Senior Advisor to the Dean at HKUST Business School. He was appointed as the Secretary for Financial Services and the Treasury of the Government of the Hong Kong Special Administrative Region from July 2007 to June 2017. Prior to that, he was Dean of Business and Management in HKUST. Before joining the HKUST Business School in 1993, Professor Chan had spent nine years teaching at Ohio State University in the United States. Professor Chan is currently a member of Competition Commission of Hong Kong and a Director of the One Country and Two Systems Research Institute. Professor Chan is an Independent Non-executive Director of the Manager of Champion Real Estate Investment Trust, China Overseas Land & Investment Limited, Guotai Junan International Holdings Limited and NWS Holdings Limited (all listed in Hong Kong). He is an Independent Non-executive Director of Greater Bay Area Homeland Investments Limited. He is also the Chairman of WeLab Bank Limited and a Senior Advisor to WeLab Holdings Limited. Professor Chan was an Independent Non-executive Director of USPACE Technology Group Limited (listed in Hong Kong).

Professor Chan received his Bachelor's Degree in Economics from Wesleyan University and both of his M.B.A. and Ph.D. in Finance from The University of Chicago. He specialised in assets pricing, evaluation of trading strategies and market efficiency and has published numerous articles on these topics.

### **Professor LIN Syaru, Shirley**

*Independent Non-executive Director*

Professor LIN Syaru, Shirley, aged 56, has been an Independent Non-executive Director of the Trustee-Manager and the Company since 2013. She is the Chairperson of the Company's Nomination Committee, a Member of the Company's Remuneration Committee and a Member of the Audit Committees of the Trustee-Manager and the Company. Previously, she was a Partner at Goldman Sachs, where she led the firm's efforts in private equity and venture capital in Asia. In addition, Professor Lin was involved in the privatisation of state-owned enterprises in Mainland China, Singapore and Taiwan. She has served on the boards of numerous private and public companies. Professor Lin is currently an Independent Non-executive Director of Goldman Sachs Asia Bank Limited, a restricted licence bank in Hong Kong and TE Connectivity Ltd., a NYSE-listed company based in Zurich, and an Independent Director of MediaTek Inc., a company listed in Taiwan. She was appointed by the Hong Kong government to the Hong Kong Committee for Pacific Economic Cooperation from 2016 to 2022. She currently serves on the board of the Focused Ultrasound Foundation in the U.S. and is the Founder of the Focused Ultrasound Hong Kong Foundation.

Professor Lin is Research Professor at the Miller Center of Public Affairs at the University of Virginia and a Nonresident Senior Fellow in the Foreign Policy Program at the Brookings Institution. She is also a faculty member at the Chinese University of Hong Kong and chairs the Center for Asia-Pacific Resilience and Innovation. Her book on the impact of the evolution of Taiwanese identity on cross-Strait economic policy was published by Stanford University Press in 2016. She is currently working on the challenges facing the advanced economies in East Asia that have entered the high-income trap. Her commentary frequently appears in English and Chinese media. She received her Master's Degree in International and Public Affairs with distinction and her Ph.D. in Politics and Public Administration from the University of Hong Kong and her A.B. from Harvard College, *cum laude*.



## BIOGRAPHICAL DETAILS OF DIRECTORS

### **Mr. LO Chun Him, Alexander**

*Non-executive Director*

Mr. LO Chun Him, Alexander, aged 39, has been a Non-executive Director of the Trustee-Manager and the Company since February 2017. He is also a Director of all subsidiaries of the Company. Mr. Lo is an Executive Director of Great Eagle Holdings Limited, which is listed on the Main Board of the Stock Exchange. Prior to joining the Great Eagle Group in 2010, 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 the Chairman and Non-executive Director of the Trustee-Manager and the Company. He is also a cousin of Mr. Lo Chun Lai, Andrew, being a Non-executive Director of the Trustee-Manager and the Company.

### **Mr. LO Chun Lai, Andrew**

*Non-executive Director*

Mr. LO Chun Lai, Andrew, aged 36, has been a Non-executive Director of the Trustee-Manager and the Company since October 2020. He is currently the Managing Director – Hospitality Asset Management of Langham Hospitality Group ("LHG") overseeing the management of all hotel assets of Great Eagle Holdings Limited worldwide.

Prior to joining LHG in 2013, he held positions at Horwath HTL and Mandarin Oriental. He graduated from Stanford University with a Bachelor of Arts in International Relations and from Columbia University in New York with a Master of Science in Real Estate Development. He also holds a certificate in Hotel Real Estate Investments and Asset Management from Cornell University. Mr. Lo is a nephew of Dr. Lo Ka Shui, being the Chairman and Non-executive Director of the Trustee-Manager and the Company. He is also a cousin of Mr. Lo Chun Him, Alexander, being a Non-executive Director of the Trustee-Manager and the Company.

## BIOGRAPHICAL DETAILS OF DIRECTORS

### **Mr. WONG Kwai Lam**

*Independent Non-executive Director*

Mr. WONG Kwai Lam, aged 75, has been an Independent Non-executive Director of the Trustee-Manager and the Company since 2013. He is the Chairman of the Audit Committees of the Trustee-Manager and the Company, and a Member of both the Company's Remuneration Committee and Nomination Committee. Mr. Wong is currently an Independent Non-executive Director of Hutchison Port Holdings Management Pte. Limited as trustee-manager of Hutchison Port Holdings Trust ("HPHT"), CK Hutchison Holdings Limited ("CKHH"), ESR Asset Management (Prosperity) Limited as manager of Prosperity Real Estate Investment Trust ("Prosperity REIT") and K. Wah International Holdings Limited ("KWIH"). CKHH, Prosperity REIT and KWIH are listed in Hong Kong, and HPHT is listed in Singapore. Mr. Wong is currently the Chairman of IncitAdv Consultants Ltd., Chairman and a Director of Hong Kong Grand Opera Company Limited, an advisor to the Chamber of Hong Kong Listed Companies, a member of the Advisory Board of Continuing and Professional Studies, The Chinese University of Hong Kong ("CUHK"), a Vice Chairman of the Board of Trustees and a Member of the Investment Sub-committee of the Board of Trustees of New Asia College, CUHK and a Director of the CUHK Medical Centre Limited. He was formerly a Member of the Advisory Committee and a Member of the Real Estate Investment Trust (REIT) Committee of the Securities and Futures Commission in Hong Kong and a Member of the China Committee of the Hong Kong Trade Development Council.

Mr. Wong has over 30 years of experience in the commercial and investment banking industry. He worked with Merrill Lynch (Asia Pacific) Ltd. from May 1993 to August 2009 where he served as a Managing Director in the Asia Investment Banking Division since January 1995. He was appointed as a Senior Client Advisor to Merrill Lynch (Asia Pacific) Ltd. in September 2009 and served in that position for one year. Prior to that, Mr. Wong had been a Director in the Investment Banking Division of CS First Boston (Hong Kong) Ltd. and a Director and the Head of Primary Market in Standard Chartered Asia Limited.

Mr. Wong holds a Bachelor of Arts Degree and Honorary Fellowship from CUHK and a Ph.D. from Leicester University, England.

*Directors' interests in the Trust and the Company and/or in the associated corporations (within the meaning of Part XV of the SFO) of the Trust and the Company are set out in the section "Disclosure of Interests" in this Interim Report.*

Langham Hospitality Investments, LHIL Manager Limited and Langham Hospitality Investments Limited are committed to maintaining and developing high standards of corporate governance practices that are designed to enhance corporate image, create value for our Unitholders, minimise risk in fraudulent practices and address potential conflict of interest issues.

Sound corporate governance practices underpin the foundation for the Directors to perform and fulfill their respective roles and obligations effectively. Various policies and procedures established constitute the core elements of the governance framework of the Trust Group. The Trustee-Manager Board and the Company Board regularly review the policies and procedures on corporate governance as well as legal and regulatory compliance. Further enhancements will be made from time to time in light of the latest statutory regime and recommended best practices.

### STRUCTURE OF THE TRUST GROUP

Langham Hospitality Investments is constituted pursuant to the Trust Deed dated 8 May 2013 entered into between the Trustee-Manager and the Company under the laws of Hong Kong as a fixed single investment trust, meaning that the Trust may only invest in the securities and other interests of a single entity, being the Company.

The Trustee-Manager is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Great Eagle. In its capacity as trustee-manager of the Trust, the Trustee-Manager has a limited role in the administration of the Trust and is not involved in the management of the operations of the Group.

The Company is incorporated in the Cayman Islands as an exempted company with limited liability. It is the holding company of the hospitality business carried out by the Group and currently owns and controls the Hotels indirectly through its subsidiaries.

### Capital Structure of the Trust and the Company

Share Stapled Units are jointly issued by the Trust and the Company. Each Share Stapled Unit is composed of the following three components which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:

- (a) a unit in the Trust;
- (b) a beneficial interest in a specifically identified ordinary share in the Company held by the Trustee-Manager, which is “linked” to the unit in the Trust; and
- (c) a specifically identified preference share in the Company which is “stapled” to the unit in the Trust.

As the components of the Share Stapled Units, all of the units in the Trust, the ordinary shares and the preference shares of the Company in issue are listed on the Stock Exchange. However, for so long as the Share Stapled Units are listed on the Stock Exchange, trading on the Stock Exchange will only take place in the form of Share Stapled Units and there is only a single price quotation on the Stock Exchange for a Share Stapled Unit. No price is quoted for the individual components of a Share Stapled Unit.



# GOVERNANCE AND COMPLIANCE

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Pursuant to the Trust Deed, both the Trustee-Manager and the Company must co-operate with each other to ensure that each party complies with the applicable Listing Rules and other relevant rules and regulations.

During the six-month period ended 30 June 2024, the Trust (via the Trustee-Manager) and the Company had complied with all applicable code provisions, and where appropriate, adopted some of the recommended best practices as set out in the Corporate Governance Code. The requirement to establish a Nomination Committee is only relevant to the Company but not the Trustee-Manager because the Trust Deed requires that the Directors of the Trustee-Manager shall at all times comprise the same individuals who serve as Directors of the Company. The requirement to establish a Remuneration Committee is also only relevant to the Company but not the Trustee-Manager as the Directors of the Trustee-Manager are not entitled to any remuneration payable by the Trust or the Trustee-Manager, and the Trustee-Manager does not have any employees.

## CORPORATE GOVERNANCE MEASURES TO ADDRESS POTENTIAL CONFLICTS OF INTEREST

Apart from the parent-subsidary relationship, the Trust Group maintains close business ties with the Great Eagle Group, which are governed by various formal agreements being entered into between the two groups. These contractual arrangements also constitute continuing connected transactions of the Trust and the Company under the Listing Rules. Details of the transactions which are subject to disclosure and reporting requirements in interim report, are summarised under the sub-section headed "Connected Transactions and/or Continuing Connected Transactions Subject to Disclosure Requirements" on pages 22 to 25 of this Interim Report.

These business relationships and the fact that some of the Directors of the Trustee-Manager and the Company also hold directorships and/or senior management positions in the Great Eagle Group might give rise to potential conflicts of interests between the Group and the Great Eagle Group. As the interests of the Trust Group align with the Great Eagle Group and the performance and growth between the Trust Group and the Great Eagle Group are mutually complementary, the impact of conflicts of interests is minimal and the Boards believe that the Directors can still make independent decisions in the best interests of the Trust Group and the Unitholders. In all circumstances, the Trustee-Manager Board and the Company Board believe that the potential conflicts are sufficiently reduced as follows:

- the Group focuses on optimising the performance of the three existing hotel properties, adopting a growth strategy of investing in completed stand-alone hotels in Asia. The Great Eagle Group, on the other hand, focuses on further capitalising on its resources and expertise in developing its hotel management services operations and brand building;
- given that the Group is among the major contributors to the performance of the Great Eagle Group, any reliance that the Group may have on the Great Eagle Group in relation to its performance and growth will be mutually complementary;
- the Great Eagle Group has granted to the Company a Deed of Right of First Refusal pursuant to which the Group will have the first right to participate and to acquire completed stand-alone hotels to be managed under the Langham Brands and Other Eaton Brands (as defined in the Great Eagle ROFR Deed) in Asia (excluding Australia and New Zealand) should the Great Eagle Group wish to sell or have the opportunity to invest in these hotels;

## GOVERNANCE AND COMPLIANCE

- various corporate governance measures are established seeking to address any potential conflicts of interest thereby safeguarding the interests of independent Unitholders. They include:
  - (i) any conflicted Directors must abstain from voting and will not be counted in the quorum of the relevant Board meeting in the event of any conflict issues;
  - (ii) pursuant to Article 90 of the articles of association of the Trustee-Manager, a Director of the Trustee-Manager must give priority to the interest of all the Unitholders as a whole over the interest of the Trustee-Manager in the event of a conflict between the interest of all the Unitholders as a whole and that of the Trustee-Manager;
  - (iii) potential connected transactions between the Great Eagle Group and the Trust Group and the existing continuing connected transactions (other than exempt continuing connected transactions and those transactions qualifying for an exemption) are reviewed and reported annually by the Independent Non-executive Directors and auditors of the Trustee-Manager and the Company;
  - (iv) where the Trustee-Manager Board and the Company Board are required to determine matters under the Great Eagle ROFR Deed, such matters will be referred to the Independent Non-executive Directors and/or to those Directors who do not have a material interest in the matter; and
- specific corporate governance measures have also been put in place in respect of the operation of the Great Eagle ROFR Deed as follows:
  - (i) as part of the Trustee-Manager's and the Company's respective internal control systems, each has maintained a register of all opportunities/transactions arising from the implementation of the Great Eagle ROFR Deed;
  - (ii) as part of its internal audit plan, each of the Trustee-Manager and the Company will, through the internal audit function, review the implementation of the Great Eagle ROFR Deed each year;
  - (iii) the Audit Committees of the Trustee-Manager and the Company will review the implementation of the Great Eagle ROFR Deed to ascertain that the terms of the Great Eagle ROFR Deed have been complied with. The review will include an examination of supporting documents and such other information deemed necessary by the Audit Committees; and
  - (iv) the Independent Non-executive Directors will review on an annual basis the compliance by Great Eagle with the terms of the Great Eagle ROFR Deed and will disclose in the annual report of the Trust and the Company their findings on the compliance by Great Eagle with the terms of the Great Eagle ROFR Deed and any decision made by the Group regarding any exercise of the right of first refusal and the basis of such decision subject to not breaching any of the Group's or Great Eagle's contractual or legal obligations.

The Audit Committees of the Trustee-Manager and the Company shall be responsible for overseeing the implementation of the above corporate governance measures in respect of the operation of the Great Eagle ROFR Deed.

## GOVERNANCE AND COMPLIANCE

### CONNECTED TRANSACTIONS AND/OR CONTINUING CONNECTED TRANSACTIONS SUBJECT TO DISCLOSURE REQUIREMENTS

As disclosed in the initial public offering prospectus dated 16 May 2013, continuing connected transactions set out below are subject to disclosure requirements in the interim reports and are granted with waivers by the Stock Exchange from strict compliance with, inter alia, the announcement and approval of independent Holders of Share Stapled Units. Further details and conditions of the waivers were disclosed in the said prospectus.

	<b>Aggregate Transaction Amount for the six-month period ended 30 June 2024 (HK\$'000)</b>
(1) Master Lease Agreements <sup>(a)</sup>	
– Base Rent	<b>111,885</b>
– Variable Rent <sup>(b)</sup>	<b>116,226</b>
(2) Hotel Management Agreements <sup>(a)(b)(c)</sup>	
– Base Fee	<b>11,593</b>
– Incentive Fee	<b>10,241</b>
(3) Centralised Services and Marketing Agreements <sup>(a)(b)</sup>	
– Reimbursement of Costs <sup>(d)</sup>	<b>1,490</b>
– Global Marketing Fee	<b>8,308</b>
– Reservation Fees <sup>(d)</sup>	<b>5,641</b>
(4) Trademark Licence Agreements <sup>(a)(b)(c)</sup>	<b>7,729</b>

Notes:

- (a) Obtained waiver from the requirements of making announcement and/or obtaining independent Holders of Share Stapled Units' approval.
- (b) Obtained waiver from the requirement to set a monetary cap.
- (c) Obtained approval from independent Holders of Share Stapled Units to settle the fees payable for the three financial years ending 31 December 2026 in the form of Share Stapled Units subject to the election of the Hotel Manager.
- (d) Reimbursement of Costs and Reservation Fees are included in the operating expenses of the Hotels.



## GOVERNANCE AND COMPLIANCE

1. **Master Lease Agreements** – three separate lease agreements each dated 10 May 2013, and entered into between each of the Hotel Companies as the Lessors and GE (LHIL) Lessee Limited as the Master Lessee. The Master Lessee, being an indirect wholly-owned subsidiary of Great Eagle, which is a controlling Holder of Share Stapled Units of the Trust and the Company, is a connected person of the Trust and the Company under the Listing Rules.

Pursuant to the Master Lease Agreements, each of the Lessors has agreed to lease the hotel owned by it (excluding the designated outlets at Eaton HK) to the Master Lessee for a term of 14 years from and including 30 May 2013 (the Listing Date) and shall, subject to the compliance with the relevant requirements of the Listing Rules by the Company, be renewable by mutual agreement of the parties. The Master Lessee assumes such responsibilities as set out under the Hotel Management Agreements and bears all operating expenses in respect of the Hotels (other than payment of the Hotel Management Fees, the Licence Fees, the Global Marketing Fee, etc.), and delegates the management and operations obligations to the Hotel Manager of the respective Hotels under the terms of the Hotel Management Agreements.

Under the Master Lease Agreements, the Master Lessee has agreed to pay the Lessors an aggregate fixed Base Rent of HK\$225.0 million per annum (pro rata for any period of less than one year) and a Variable Rent for the whole term.

Based on the rental review conducted by Vigers pursuant to the Master Lease Agreements in 2019, it was determined that no change should be made to the market rental package of the Hotels for the period from 1 January 2020 to 31 December 2023 (the “Second Period”). The Variable Rent for the Second Period was calculated on the basis of 70% of the Hotels’ Aggregate Gross Operating Profit before deduction of the Global Marketing Fees payable by each of the Hotel Companies on an annual basis.

In May 2023, a further rental review was conducted by Vigers to determine the market rental package of the Hotels for the period from 1 January 2024 to 29 May 2027 (the expiry date of the Master Lease Agreements) (the “Third Period”). Vigers determined that the market rental package for the Hotels for the Third Period shall be composed of (i) a Base Rent being fixed at HK\$225.0 million per annum under the Master Lease Agreements; and (ii) a Variable Rent being 50% of the Hotels’ Aggregate Gross Operating Profit before deduction of the Global Marketing Fees on an annual basis, which is less than the 70% threshold as set out in the Master Lease Agreements. An ordinary resolution in relation to the approval of the remaining transactions under the Master Lease Agreements for the Third Period, and the Base Rent and Variable Rent during the Third Period was passed by the independent Holders of Share Stapled Units at the extraordinary general meeting of the Trust and the Company held on 21 July 2023.

The Base Rent payable by the Master Lessee to the Lessors per annum under the Master Lease Agreements is HK\$225.0 million. The cap for the Variable Rent under the Master Lease Agreements is determined by reference to the formula for determining the Variable Rent. As the Stock Exchange granted a waiver (the “Monetary Cap Waiver”) from the setting of a monetary cap for the Variable Rent payable under the Master Lease Agreements for the duration of the Master Lease Agreements and the Monetary Cap Waiver is valid notwithstanding that the Variable Rent percentage for the Third Period is updated, no annual cap has been set on the Variable Rent in respect of the Third Period.

## GOVERNANCE AND COMPLIANCE

- Hotel Management Agreements** – three separate hotel management agreements each dated 10 May 2013, entered into by each Hotel Company, the Master Lessee, Langham Hotels International Limited as the Hotel Manager, the Trustee-Manager and the Company, and amended and supplemented by the Addendum (defined as below). As the Hotel Manager and the Master Lessee are both indirect wholly-owned subsidiaries of Great Eagle, which is a controlling Holder of Share Stapled Units of the Trust and the Company, they are connected persons of the Trust and the Company under the Listing Rules.

Pursuant to the Hotel Management Agreements, the Master Lessee has agreed to engage the Hotel Manager as the sole and exclusive manager of the Hotels to supervise, direct and control the businesses and day-to-day operations of the Hotels in accordance with the agreed standards of the relevant Hotel and to formulate and manage the annual plan and budget for each Hotel for an initial term of 30 years from and including 30 May 2013 (the Listing Date) and may, subject to compliance with the relevant Listing Rules at the relevant time, be renewed for a further term of 10 years by notice at the election of the Hotel Manager. Thereafter, the Hotel Management Agreements may be renewed for successive 10-year terms by mutual agreement of the parties subject to compliance with the requirement of the relevant Listing Rules at the relevant time. The service fees payable to the Hotel Manager under the Hotel Management Agreements shall be linked to the operating profit and revenue of the Hotels on the following basis:

- *Base Fee*: a fixed percentage of 1.5% of total revenue of the relevant Hotel
- *Incentive Fee*: a fixed percentage of 5.0% of the adjusted Gross Operating Profit (being gross operating profit less the Base Fee (as mentioned above) and Licence Fees payable under the relevant Trademark Licence Agreement)

The cap for the fees payable under the Hotel Management Agreements is determined by reference to the formulae for determining the fees payable pursuant to the Hotel Management Agreements as described above.

Pursuant to the Addendum to the Hotel Management Agreements and the Trademark Licence Agreements (collectively, the “Hotel Agreements”) dated 8 May 2024, and entered into among the Hotel Companies, the Master Lessee, the Hotel Manager, the Trustee-Manager and the Company as approved by the independent Holders of Share Stapled Units at the extraordinary general meeting held on the same day (the “Addendum”), amendments were made to the Hotel Agreements for increasing the issuance cap from 1.5% to 3.5% and incorporating the deferment mechanism for the settlement of the fees payable under the Hotel Agreements by way of allotment and issue of Share Stapled Units. Further details of the Addendum are disclosed in the circular of the Trust and the Company dated 22 April 2024.

- Centralised Services and Marketing Agreements** – three separate centralised services and marketing agreements each dated 10 May 2013, and entered into by each Hotel Company, the Master Lessee, Langham Hotels Services Limited as the Service Provider, the Trustee-Manager and the Company. As the Master Lessee and the Service Provider are both indirect wholly-owned subsidiaries of Great Eagle, which is a controlling Holder of Share Stapled Units of the Trust and the Company, they are connected persons of the Trust and the Company under the Listing Rules.

## GOVERNANCE AND COMPLIANCE

Pursuant to the Centralised Services and Marketing Agreements, the Service Provider has agreed to provide global marketing and advertising services, centralised reservation services and certain hotel specific services of each Hotel for an initial term of 30 years from and including 30 May 2013 (the Listing Date) and may, subject to compliance with the requirements of relevant Listing Rules at the relevant time, be renewed for a term of 10 years by notice at the election of the Service Provider. Thereafter, the Centralised Services and Marketing Agreements may be renewed for successive 10-year terms by mutual agreement of the parties subject to compliance with the requirement of the relevant Listing Rules at the relevant time. Each of the Centralised Services and Marketing Agreements shall be coterminous with the Hotel Management Agreement for the same Hotel. The fee and other amounts payable to the Service Provider under each Centralised Services and Marketing Agreement shall be determined on the following basis:

- *Reimbursement of Costs*: at cost to be paid by the Master Lessee as an operating expense of the Hotels
- *Global Marketing Fee*: a fixed percentage of 2.0% of the total room revenue of the relevant Hotel to be paid by each Hotel Company
- *Reservation Fees*: a fixed US\$ amount and percentage of revenue for each materialised reservation, depending on the means by which the reservation is made, to be paid by the Master Lessee as an operating expense of the Hotels

The annual caps for the Global Marketing Fee payable under the Centralised Services and Marketing Agreements are determined by reference to the formula for determining the Global Marketing Fee payable pursuant to the Centralised Services and Marketing Agreements as described above.

4. **Trademark Licence Agreements** – three separate trademark licence agreements each dated 10 May 2013, entered into by each Hotel Company, the Hotel Manager as the Licensor, the Master Lessee, the Trustee-Manager and the Company, and amended and supplemented by the Addendum. As the Hotel Manager and the Master Lessee are both indirect wholly-owned subsidiaries of Great Eagle, which is a controlling Holder of Share Stapled Units of the Trust and the Company, they are connected persons of the Trust and the Company under the Listing Rules.

Pursuant to the Trademark Licence Agreements, the Licensor has agreed to grant non-exclusive and non-transferable licences to the relevant Hotel Company, the Trustee-Manager, the Company and the Master Lessee to use the Langham brands for branding and marketing activities relating to the Hotels and/or for describing the ownership of the Hotels for an initial term of 30 years from and including 30 May 2013 (the Listing Date) and may, subject to compliance with the requirements of the relevant Listing Rules at the relevant time, be renewed for a term of 10 years by notice at the election of the Hotel Manager. Thereafter, the Trademark Licence Agreements may be renewed for successive 10-year terms by mutual agreement of the parties subject to compliance with the requirements of the relevant Listing Rules at the relevant time. Each of the Trademark Licence Agreements shall be coterminous with the Hotel Management Agreement for the same Hotel. The Licence Fees payable to the Hotel Manager by each Hotel Company under the Trademark Licence Agreements shall be 1.0% of the total revenue of the relevant Hotel.

The cap for the Licence Fees payable under the Trademark Licence Agreements is determined by reference to the formula for determining the Licence Fees payable pursuant to the Trademark Licence Agreements as described above.

Pursuant to the Addendum, amendments were made to the Hotel Agreements for increasing the issuance cap from 1.5% to 3.5% and incorporating the deferment mechanism for the settlement of the fees payable under the Hotel Agreements by way of allotment and issue of Share Stapled Units. Further details of the Addendum are disclosed in the circular of the Trust and the Company dated 22 April 2024.



## GOVERNANCE AND COMPLIANCE

### ISSUED SHARE STAPLED UNITS

As at 30 June 2024, the total number of issued Share Stapled Units of the Trust and the Company was 3,374,301,602. As compared with the position of 31 December 2023, a total of 55,432,596 new Share Stapled Units were issued during the first half of the year, representing 1.64% of the total number of issued Share Stapled Units as at 30 June 2024.

Date	Particulars	No. of Share Stapled Units
31 December 2023	Total number of issued Share Stapled Units	3,318,869,006
9 May 2024	Issue of new Share Stapled Units at the price of HK\$0.646 per Share Stapled Unit as payment of the Hotel Management Fees and Licence Fees to the Hotel Manager of HK\$35,809,456 for the second half of 2023 pursuant to the approval of the independent Holders of Share Stapled Units	55,432,596
<b>30 June 2024</b>	<b>Total number of issued Share Stapled Units</b>	<b>3,374,301,602</b>

### BUY-BACK, SALE OR REDEMPTION OF SHARE STAPLED UNITS

Pursuant to the Trust Deed, the Trustee-Manager shall not buy-back or redeem any Share Stapled Units on behalf of the Trust unless and until expressly permitted to do so by relevant codes and guidelines issued by the Securities and Futures Commission from time to time. Accordingly, the Trust and the Company are not allowed to buy-back or redeem their own Share Stapled Units.

During the six-month period ended 30 June 2024, neither the Trust, the Trustee-Manager, the Company nor the Company's subsidiaries had bought back, sold or redeemed any Share Stapled Units.

### COMPLIANCE WITH THE MODEL CODE

The Trustee-Manager and the Company have adopted its own Code of Conduct for Securities Transactions on terms no less exacting than the required standard set out in the Model Code and the same is updated from time to time in accordance with the Listing Rules requirements.

Having made specific enquiries, all Directors and relevant employees of the Trustee-Manager and the Company confirmed that they had fully complied with the Code of Conduct for Securities Transactions for the six-month period ended 30 June 2024.

### REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Trust Group and the unaudited condensed financial statements of the Trustee-Manager for the six-month period ended 30 June 2024 were prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA and have also been reviewed by the Audit Committees of the Trustee-Manager and the Company. Such financial information has been reviewed by Deloitte Touche Tohmatsu, the independent auditor of the Trustee-Manager and 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.

## HOTEL MANAGER AND EMPLOYEES

The Trust Group does not manage the daily operations of the Hotels. The Hotel Manager is responsible for the management of and all sales, marketing and advertising activities in relation to the Hotels pursuant to the Hotel Management Agreements. The Hotel Manager has a team of well-experienced operational staff exclusively dedicated in providing services to the Hotels. The Hotels control the payroll and related expense in accordance with the business level and also continuously review the process for higher efficiency. Comparing to 31 December 2023, there is no material change in headcount.

Salary levels of the Hotel Manager's employees are competitive, and discretionary bonuses are granted based on performance of the Hotels as well as achievement in departmental key performance indicators. Other employee benefits include educational allowance, insurance, medical scheme and provident fund schemes. The Hotel Manager and its subsidiaries are required to contribute an amount equivalent to 5% of the employees' basic salary (subject to the cap as stipulated under the applicable laws) to the Mandatory Provident Fund Scheme as mandatory contribution.

The Company has employed a team of four professional staff to maintain an effective operation of the Trust Group. The Great Eagle Group provides certain administrative and non-management services to the Trust Group, which include but not limited to, legal and corporate secretarial support, finance, accounting and taxation support, human resources support, information technology support, internal audit support and general office administrative support on a cost-sharing basis under the Administrative Support Services Agreement. The remuneration package of our employees includes salary, bonuses, allowances and various retirement benefit schemes for the benefit of the staff. All staff members are signed up with the Mandatory Provident Fund Scheme in accordance with the applicable laws and regulations.

## SUSTAINABILITY

The Trust Group, together with the Hotel Manager, are committed to being a sustainable group and place a strong emphasis on environmental, social and governance responsibilities in the hotel operations. Sustainability is embedded in the hotel operations by engaging the major stakeholders through CONNECT, the corporate sustainability program. CONNECT encompasses four key focus areas: Governance, Colleagues, Community, and Environment, which provides a comprehensive framework for implementing sustainable practices and establishes a strong foundation for sustainable hotel operation. This ensures cohesive implementation and alignment with the Trust Group's sustainability vision. The Trust Group strives to protect the environment, engage the community and promote social integration, and believes that sustainability could create long-term value for the stakeholders and improve the quality of life in the workplace, the local community as well as the world at large.

## DISCLOSURE OF INTERESTS

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARE STAPLED UNITS, UNDERLYING SHARE STAPLED UNITS AND DEBENTURES

As at 30 June 2024, the interests and short positions of the Directors or chief executives of the Trustee-Manager and the Company in the Share Stapled Units, underlying Share Stapled Units and debentures of the Trust and the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Trustee-Manager, 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) and the Model Code, or which were recorded in the register required under Section 352 of the SFO are as follows:

#### Long Positions in Share Stapled Units and Underlying Share Stapled Units

Name of Director	Capacity	Nature of Interests	Number of SSUs/ Underlying SSUs Held	Percentage of Issued SSUs <sup>(2)</sup>	Total
LO Ka Shui	Beneficial Owner	Personal Interests	31,584,000	0.94 )	
	Interests of Controlled Corporations	Corporate Interests	2,389,201,524 <sup>(1)</sup>	70.80 )	
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Trust Interests	90,010,250	2.67 )	74.41
Brett Stephen BUTCHER	Beneficial Owner and Jointly with Spouse	Joint Interests	2,170,545	0.06	0.06
LO Chun Lai, Andrew	Beneficial Owner	Personal Interests	300,000	0.01	0.01

Notes:

(1) These 2,389,201,524 Share Stapled Units comprise the following:

- (i) 2,386,111,524 Share Stapled Units respectively held by LHIL Assets Holdings Limited as to 2,242,167,024 Share Stapled Units (66.45%), Fine Noble Limited as to 87,894,750 Share Stapled Units (2.60%), The Great Eagle Company, Limited as to 47,102,250 Share Stapled Units (1.40%) and Great Eagle Nichemusic Limited as to 8,947,500 Share Stapled Units (0.26%), all of the said companies are wholly-owned subsidiaries of Great Eagle. Dr. Lo Ka Shui is a substantial shareholder, the Chairman and Managing Director of Great Eagle. His interests in Great Eagle are disclosed on page 29; and
- (ii) 3,090,000 Share Stapled Units (0.09%) were held by two companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies.

(2) This percentage has been compiled based on 3,374,301,602 Share Stapled Units of the Trust and the Company in issue as at 30 June 2024.

# DISCLOSURE OF INTERESTS

## Long Positions in Shares and Underlying Shares of Associated Corporations

### Great Eagle

As at 30 June 2024, Great Eagle owned 70.71% interests in the Trust and the Company and therefore is an associated corporation of the Trust and the Company. The interests of Directors of the Trustee-Manager and the Company in Great Eagle as at 30 June 2024 are disclosed as follows:

Name of Director	Capacity	Nature of Interests	Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital <sup>(6)</sup>	Total
LO Ka Shui	Beneficial Owner	Personal Interests	64,904,835 <sup>(1)</sup>	8.68 )	64.38
	Interests of Controlled Corporations	Corporate Interests	95,958,364 <sup>(2)</sup>	)	
				)	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393	34.06 )	
Founder of a Discretionary Trust	Trust Interests	65,866,676	8.81 )		
Brett Stephen BUTCHER	Beneficial Owner	Personal Interests	716,000 <sup>(3)</sup>	0.10 )	0.10
	Beneficial Owner and Jointly with Spouse	Joint Interests	31,433	0.00 )	
LO Chun Him, Alexander	Beneficial Owner	Personal Interests	1,145,488 <sup>(4)</sup>	0.15	0.15
LO Chun Lai, Andrew	Beneficial Owner	Personal Interests	803,000 <sup>(5)</sup>	0.11	0.11

Notes:

- (1) Among these interests, 3,392,000 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) Among these interests, 664,000 were share options.
- (4) Among these interests, 1,017,000 were share options.
- (5) Among these interests, 193,000 were share options.
- (6) This percentage has been compiled based on 747,723,345 shares of Great Eagle in issue as at 30 June 2024.



## DISCLOSURE OF INTERESTS

### **Champion Real Estate Investment Trust (“Champion REIT”)**

Champion REIT is accounted for as a subsidiary of Great Eagle, the holding company of the Trust and the Company. As at 30 June 2024, Great Eagle owned 69.73% 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 holdings of Directors of the Trustee-Manager and the Company in Champion REIT as at 30 June 2024 are disclosed as follows:

Name of Director	Capacity	Nature of Interests	Number of Units/ Underlying Units Held	Percentage of Issued Units <sup>(2)</sup>	Total
LO Ka Shui	Beneficial Owner	Personal Interests	3,592,007	0.06 )	
	Interests of Controlled Corporations	Corporate Interests	4,221,538,742 <sup>(1)</sup>	69.78 )	
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Trust Interests	9,011,000	0.15 )	69.99

Notes:

(1) These 4,221,538,742 units comprise the following:

- (i) 4,218,280,132 units (69.73%) were indirectly held by Great Eagle of which Dr. Lo Ka Shui is a substantial shareholder, the Chairman and Managing Director. His interests in Great Eagle are disclosed on page 29; and
- (ii) 3,258,610 units (0.05%) 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.

(2) This percentage has been compiled based on 6,049,474,368 units of Champion REIT in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executives of the Trustee-Manager and the Company were taken to be interested or deemed to have any other interests or short positions in Share Stapled Units, underlying Share Stapled Units or debentures of the Trust and 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 Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code, or which were recorded in the register required under Section 352 of the SFO.

# DISCLOSURE OF INTERESTS

## INTERESTS OF SUBSTANTIAL HOLDERS OF SHARE STAPLED UNITS

As at 30 June 2024, the interests and short positions of persons (other than the Directors or chief executives of the Trustee-Manager and the Company) in the Share Stapled Units or underlying Share Staple Units of the Trust and the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required under Section 336 of the SFO as having an interest in 5% or more of the issued Share Stapled Units of the Trust and the Company are as follows:

Name	Total Number of SSUs/ Underlying SSUs Held	Percentage of Issued SSUs <sup>(3)</sup>
Great Eagle Holdings Limited	2,386,111,524 <sup>(1)</sup>	70.71
LHIL Assets Holdings Limited	2,242,167,024	66.45
HSBC International Trustee Limited	2,302,586,433 <sup>(2)</sup>	68.24

Notes:

- (1) These 2,386,111,524 Share Stapled Units were indirectly held by Great Eagle through its wholly-owned subsidiaries in the following manner:
  - (i) the same parcel of Share Stapled Units held by LHIL Assets Holdings Limited as disclosed in the above table;
  - (ii) 87,894,750 Share Stapled Units (2.60%) held by Fine Noble Limited;
  - (iii) 47,102,250 Share Stapled Units (1.40%) held by The Great Eagle Company, Limited; and
  - (iv) 8,947,500 Share Stapled Units (0.26%) held by Great Eagle Nichemusic Limited.
- (2) The disclosure was based on the latest Disclosure of Interest Form (with the date of relevant event as at 9 March 2023) of the Trust and the Company received from HSBC International Trustee Limited ("HITL").

HITL in its capacity as a trustee of several discretionary trusts held 315,009,622 shares in Great Eagle as at 30 June 2024 based on the latest Disclosure of Interest Form (with the date of relevant event as at 21 June 2021) of Great Eagle received from HITL.
- (3) This percentage has been compiled based on 3,374,301,602 Share Stapled Units of the Trust and the Company in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, no person (other than the Directors or chief executives of the Trustee-Manager and the Company whose interests are set out on page 28) was interested (or deemed to be interested) or held any short positions in the Share Stapled Units or underlying Share Stapled Units of the Trust and the Company which would fall to be disclosed to the Trustee-Manager and the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required under Section 336 of the SFO.

# FINANCIAL INFORMATION

## LANGHAM HOSPITALITY INVESTMENTS AND LANGHAM HOSPITALITY INVESTMENTS LIMITED

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- 35** Condensed Consolidated Statement of Financial Position
- 36** Condensed Consolidated Statement of Changes In Equity
- 37** Condensed Consolidated Statement of Cash Flows
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## LHIL MANAGER LIMITED

- 62** Report on Review of Condensed Financial Statements
- 63** Condensed Statement of Profit or Loss and Other Comprehensive Income
- 63** Condensed Statement of Financial Position
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# REPORT ON REVIEW OF THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

## **TO THE HOLDERS OF SHARE STAPLED UNITS OF LANGHAM HOSPITALITY INVESTMENTS AND LANGHAM HOSPITALITY INVESTMENTS LIMITED**

*(Langham Hospitality Investments is a trust constituted under the laws of Hong Kong;*

*Langham Hospitality Investments Limited is incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Langham Hospitality Investments (the "Trust") and Langham Hospitality Investments Limited (the "Company") and its subsidiaries (collectively referred to as the "Trust Group") and of the Company and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 61 (hereinafter collectively referred to as "the Trust and the Company's Condensed Consolidated Financial Statements"). As explained in note 2 to the Trust and the Company's Condensed Consolidated Financial Statements, the condensed consolidated financial statements of the Trust Group and the condensed consolidated financial statements of the Group are presented together. The Trust and the Company's Condensed Consolidated Financial Statements together comprise the condensed consolidated statement of financial position of the Trust Group and of the Group as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows of the Trust Group and of the Group 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" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The Trustee-Manager of the Trust and 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 Trust and the Company's Condensed Consolidated Financial Statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

Certified Public Accountants

Hong Kong

15 August 2024



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TRUST AND OF THE COMPANY

For the six months ended 30 June 2024

	NOTES	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	4	191,166	235,745
Property related expenses		(10,210)	(9,791)
<b>Net property income</b>		<b>180,956</b>	225,954
Other income		1,979	4,445
Increase in fair value of investment properties		37,373	552,209
Change in fair value of derivative financial instruments		15,912	(15,560)
Change related to settlement arrangement of hotel management fees and licence fee	18(b)	(14,634)	–
Administrative and other expenses		(8,038)	(6,696)
Finance costs	6	(162,843)	(109,495)
<b>Profit before tax</b>		<b>50,705</b>	650,857
Income tax expense	7	(7,685)	(19,891)
<b>Profit and total comprehensive income for the period attributable to holders of Share Stapled Units</b>	10	<b>43,020</b>	630,966
<b>Earnings per Share Stapled Unit</b>			
Basic and diluted	11	HK1 cent	HK19 cents

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE TRUST AND OF THE COMPANY

At 30 June 2024

		At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
	NOTES		
<b>Non-current assets</b>			
Property, plant and equipment	12	365	924
Investment properties	13	15,725,000	15,662,000
Derivative financial instruments	14	3,635	–
Deposits	15	5,507	5,874
		<b>15,734,507</b>	15,668,798
<b>Current assets</b>			
Debtors, deposits and prepayments	15	15,051	43,718
Bank balances		167,687	122,516
		<b>182,738</b>	166,234
<b>Current liabilities</b>			
Creditors, deposits and accruals	16	57,397	68,205
Secured bank loans due within one year	17	6,054,990	6,050,305
Lease liabilities due within one year		330	808
Tax payable		43,346	42,100
		<b>6,156,063</b>	6,161,418
<b>Net current liabilities</b>		<b>(5,973,325)</b>	(5,995,184)
<b>Total assets less current liabilities</b>		<b>9,761,182</b>	9,673,614
<b>Non-current liabilities</b>			
Derivative financial instruments	14	–	12,277
Lease liabilities due after one year		–	67
Deferred tax liabilities		477,051	470,612
		<b>477,051</b>	482,956
<b>NET ASSETS</b>		<b>9,284,131</b>	9,190,658
<b>Capital and reserves</b>			
Issued capital/units	18	3,374	3,319
Reserves		9,280,757	9,187,339
<b>TOTAL EQUITY</b>		<b>9,284,131</b>	9,190,658

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE TRUST AND OF THE COMPANY

For the six months ended 30 June 2024

	Share capital/ units HK\$'000	Share premium HK\$'000 (Note a)	Other reserve HK\$'000 (Note b)	Share-based payment reserve HK\$'000 (Note c)	Property revaluation reserve HK\$'000 (Note d)	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2023 (audited)	3,273	8,311,326	(11,562,543)	1,179	12,598,157	(1,190,439)	8,160,953
Profit and other comprehensive income for the period	-	-	-	-	-	630,966	630,966
Distribution paid	-	(95,391)	-	-	-	-	(95,391)
Issue of Share Stapled Units (note 18)	16	16,670	-	-	-	-	16,686
<b>At 30 June 2023 (unaudited)</b>	<b>3,289</b>	<b>8,232,605</b>	<b>(11,562,543)</b>	<b>1,179</b>	<b>12,598,157</b>	<b>(559,473)</b>	<b>8,713,214</b>
At 1 January 2024 (audited)	3,319	8,260,666	(11,562,543)	1,179	12,598,157	(110,120)	9,190,658
Profit and other comprehensive income for the period	-	-	-	-	-	43,020	43,020
Recognition of equity-settled share based payment	-	-	-	9	-	-	9
Issue of Share Stapled Units (note 18)	55	35,755	-	14,634	-	-	50,444
<b>At 30 June 2024 (unaudited)</b>	<b>3,374</b>	<b>8,296,421</b>	<b>(11,562,543)</b>	<b>15,822</b>	<b>12,598,157</b>	<b>(67,100)</b>	<b>9,284,131</b>

Notes:

- Under the Cayman Islands Companies Act, the share premium of the Company is available for distribution.
- Pursuant to a group reorganisation in May 2013, certain businesses were transferred to the Groups (as defined in note 2). Other reserve represents the difference between the considerations of the transfers and the share capital of the businesses as of the date of the transfer.
- Share-based payment reserve mainly represents the impact of the difference between the issue price of Share Stapled Unit determined pursuant to the hotel management agreements and trademark licence agreements and the closing price of Share Stapled Unit immediately preceding the issue date.
- Property revaluation reserve represents the revaluation gain arising from transfer from property, plant and equipment to investment properties which amounted to the difference between the fair value of the investment properties and the carrying amount of the property, plant and equipment at the date of transfer.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF THE TRUST AND OF THE COMPANY

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Cash generated from operations</b>	<b>232,653</b>	229,957
Interest paid	(160,996)	(103,742)
<b>Net cash from operating activities</b>	<b>71,657</b>	126,215
<b>Investing activities</b>		
Additions of investment properties	(27,418)	(33,046)
Interest received	1,488	4,263
<b>Net cash used in investing activities</b>	<b>(25,930)</b>	(28,783)
<b>Financing activities</b>		
Distribution paid	–	(95,391)
Repayment of lease liabilities	(545)	(529)
Interest paid for leases	(11)	(26)
<b>Cash used in financing activities</b>	<b>(556)</b>	(95,946)
<b>Net increase in cash and cash equivalents</b>	<b>45,171</b>	1,486
<b>Cash and cash equivalents at the beginning of the period</b>	<b>122,516</b>	245,149
<b>Cash and cash equivalents at the end of the period, represented by bank balances</b>	<b>167,687</b>	246,635



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 1. GENERAL

Langham Hospitality Investments (the "Trust") is constituted by a Hong Kong law governed trust deed and as supplemented, amended or substituted from time to time (the "Trust Deed"), entered into between LHIL Manager Limited (the "Trustee-Manager", in its capacity as the trustee-manager of the Trust) and Langham Hospitality Investments Limited (the "Company"). The Company is a company incorporated in the Cayman Islands with limited liability. The share stapled units ("Share Stapled Units") structure comprises: (a) a unit in the Trust; (b) a beneficial interest in a specifically identified ordinary share in the Company which is linked to the unit in the Trust and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust; and (c) a specifically identified preference share in the Company which is "stapled" to the unit in the Trust. The Share Stapled Units were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 May 2013 (the "Listing Date").

The Company acts as an investment holding company. The principal activity of the Trust Group (as defined in note 2 below) is property investment.

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

## 2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Trust Deed, the Trust and the Company are each required to prepare their own sets of financial statements on a consolidated basis. The Trust's condensed consolidated financial statements for the six months ended 30 June 2024 comprise the condensed consolidated financial statements of the Trust, the Company and its subsidiaries (collectively referred to as the "Trust Group"). The Company's condensed consolidated financial statements for the six months ended 30 June 2024 comprise the condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group").

The unitholders of the Trust have beneficial interest in the ordinary shares of the Company and the sole activity of the Trust during the period ended 30 June 2024 was investment in the Company. Therefore, the condensed consolidated results and financial position that would be presented in the condensed consolidated financial statements of the Trust Group are identical to the condensed consolidated financial statements of the Group with the only differences being the disclosures of capital. The Trustee-Manager and the directors of the Company (the "Directors") believe therefore that it is clearer to present the condensed consolidated financial statements of the Trust Group and the Group together. The condensed consolidated financial statements of the Trust Group and the condensed consolidated financial statements of the Groups are presented together to the extent they are identical and are hereinafter referred as "the Trust and the Company's Condensed Consolidated Financial Statements".

The Trust Group and the Group are referred as the "Groups".

# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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

### 3.1 Basis of preparation of condensed consolidated financial statements

The Trust and the Company's Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The condensed consolidated financial statements have been prepared on a going concern basis because the Trustee-Manager and the Directors are of the opinion that the Groups will have adequate sources of funding to meet in full its financial obligations, after taking into account the continuous cash flows generated from operating activities; the expectation of refinancing banking facilities amounting to HK\$6,247,600,000, after considering the existing relationships with the banks; the compliance of financial covenants records; and the investment properties of the Groups that can be pledged.

### 3.2 Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and derivative financial instruments, which are measured at fair values.

Other than additional/change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Groups' annual consolidated financial statements for the year ended 31 December 2023.

#### Application of amendments to HKFRSs

In the current interim period, the Groups have applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Groups' annual period beginning on 1 January 2024 for the preparation of the Groups' condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Groups' financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 4. REVENUE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Rental income from GE (LHIL) Lessee Limited (the "Master Lessee ") (Note)		
Base rent	111,885	111,575
Variable rent	116,226	158,934
Service fees expenses	(37,871)	(35,731)
	<b>190,240</b>	234,778
Rental income from retail shops in Eaton HK	926	967
	<b>191,166</b>	235,745

Note: Included in rental income from Master Lessee, service fees income of HK\$37,871,000 (six months ended 30 June 2023: HK\$35,731,000) has been netted with the same amount of the corresponding service fees expenses. Details set out in note 22(a).

## 5. SEGMENT INFORMATION

The Groups' operating segments, based on information reported to the chief operating decision maker ("CODM") who is the management of the Trustee-Manager and the Company, for the purpose of resource allocation and performance assessment are more specifically focused on the operating results from leasing of The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK (the "Hotels").

The Groups' results are derived from property investment operation, which relates to the operating results from leasing of the Hotels and represents three operation segments under HKFRS 8 "Operating Segments".

# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 5. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results

The following is an analysis of the Groups' revenue and results by the three investment properties for the periods under review.

#### Six months ended 30 June 2024

	The Langham, Hong Kong HK\$'000 (unaudited)	Cordis, Hong Kong HK\$'000 (unaudited)	Eaton HK HK\$'000 (unaudited)	Segment total HK\$'000 (unaudited)	Reconciliation HK'000 (unaudited) <i>(note)</i>	Consolidated HK'000 (unaudited)
Segment revenue	80,786	100,984	47,267	229,037	(37,871)	191,166
Segment results	65,099	79,089	36,768	180,956	-	180,956
Other income						1,979
Increase in fair value of investment properties						37,373
Change in fair value of derivative financial instruments						15,912
Change related to settlement arrangement of hotel management fees and licence fee (note 18(b))						(14,634)
Administrative and other expenses						(8,038)
Finance costs						(162,843)
Profit before tax						50,705
Income tax expense						(7,685)
Profit for the period attributable to holders of Share Stapled Units						43,020



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 5. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (continued)

Six months ended 30 June 2023

	The Langham, Hong Kong HK\$'000 (unaudited)	Cordis, Hong Kong HK\$'000 (unaudited)	Eaton HK HK\$'000 (unaudited)	Segment total HK\$'000 (unaudited)	Reconciliation HK'000 (unaudited) <i>(note)</i>	Consolidated HK'000 (unaudited)
Segment revenue	103,617	109,832	58,027	271,476	(35,731)	235,745
Segment results	87,455	90,310	48,189	225,954	–	225,954
Other income						4,445
Increase in fair value of investment properties						552,209
Change in fair value of derivative financial instruments						(15,560)
Change related to settlement arrangement of hotel management fees and licence fee (note 18(b))						–
Administrative and other expenses						(6,696)
Finance costs						(109,495)
Profit before tax						650,857
Income tax expense						(19,891)
Profit for the period attributable to holders of Share Stapled Units						630,966

Note: Reconciliation represents netting of service fees income of HK\$37,871,000 (six months ended 30 June 2023: HK\$35,731,000) with the same amount of the corresponding service fees expenses (including hotel management fees, licence fee and global marketing fee) that has been adjusted from revenue.

### Segment assets and liabilities

For the purpose of performance assessment, other than the fair values of investment properties, no other segment assets are reviewed by the CODM. At the end of the reporting period, the fair values of The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK were HK\$5,420,000,000, HK\$6,750,000,000 and HK\$3,555,000,000, respectively (31 December 2023: HK\$5,460,000,000, HK\$6,660,000,000 and HK\$3,542,000,000, respectively).

No analysis of segment liabilities is presented as they are not regularly provided to the CODM.

# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings	162,063	133,740
Net interest on interest rate swaps	(4,151)	(30,358)
Loan extension/front-end fee amortisation	4,685	5,625
Interest on lease liabilities	11	26
Other borrowing costs	235	462
	<b>162,843</b>	<b>109,495</b>

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax:		
Current tax		
– Current period	1,246	681
– Underprovision in prior year	–	197
Deferred tax		
– Current period	6,430	19,210
– Under(over) provision in prior year	9	(197)
	<b>7,685</b>	<b>19,891</b>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods.

# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 8. TOTAL DISTRIBUTABLE INCOME

Total distributable income is the profit for the period attributable to holders of Share Stapled Units as adjusted to eliminate the effects of adjustments (as set out in the Trust Deed) which have been recorded in the condensed consolidated statement of profit or loss and other comprehensive income for the relevant period. The adjustments to arrive at the total distributable income for the periods are set out below:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Profit for the period attributable to holders of Share Stapled Units	<b>43,020</b>	630,966
Adjustments:		
Depreciation	<b>559</b>	559
Deferred tax	<b>6,439</b>	19,013
Loan extension/front-end fee amortisation	<b>4,685</b>	5,625
Hotel management fees and licence fee payable in form of Share Stapled Units (notes 19 and 22(c))	<b>29,563</b>	28,091
Increase in fair value of investment properties	<b>(37,373)</b>	(552,209)
Change in fair value of derivative financial instruments	<b>(15,912)</b>	15,560
Change related to settlement arrangement of hotel management fees and licence fee (note 18(b))	<b>14,634</b>	–
Reserve for furniture, fixtures and equipment	<b>(11,593)</b>	(10,813)
<b>Total distributable income</b>	<b>34,022</b>	136,792



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 9. DISTRIBUTION STATEMENT

	NOTE	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
<b>Interim distribution period (note a)</b>			
Total distributable income in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: in respect of the six months ended 30 June 2023)	8	34,022	136,792
Percentage of distributable income for distribution (note b)		–	–
Distributable income for interim distribution period		–	–
Interim distribution		–	–
<b>Final distribution period (note a)</b>			
Total distributable income in respect of the financial year ended 31 December 2023 (six months ended 30 June 2023: in respect of the financial year ended 31 December 2022)		297,613	190,517
Less: distributable income paid for interim distribution period		–	–
Distributable income available for final distribution period		297,613	190,517
Percentage of distributable income for distribution (note b)		–	50%
Distributable income for final distribution period		–	95,259
Final distribution (note c)		–	95,259
<b>Distribution per Share Stapled Unit</b>			
Interim distribution per Share Stapled Unit in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: in respect of the six months ended 30 June 2023)		–	–
Final distribution per Share Stapled Unit in respect of the financial year ended 31 December 2023 (six months ended 30 June 2023: in respect of the financial year ended 31 December 2022) (note c)		–	HK2.9 cents



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 9. DISTRIBUTION STATEMENT (CONTINUED)

Notes:

- (a) The interim distribution in 2024 and 2023 were based on total distributable income for the six months ended 30 June 2024 and 2023, respectively.

The final distribution in 2023 and 2022 were based on total distributable income for the year ended 31 December 2023 and 2022, respectively.

- (b) The Board of the Company has resolved not to declare any of the total distribution income for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

No distributable income was distributed in respect of the financial year ended 31 December 2023. 50% of the total distributable income was distributed in respect of the financial year ended 31 December 2022.

- (c) Final distribution

Financial distribution per Share Stapled Unit of HK2.9 cents in respect of the financial year ended 31 December 2022 was calculated based on distributable income available for final distribution period of HK\$95,259,000 and 3,273,483,079 Share Stapled Units as at 31 December 2022. In consideration of 15,846,932 Share Stapled Units issued as payment of hotel management fees and licence fee for the six months ended 31 December 2022 on 7 March 2023, the number of Share Stapled Units entitled for final distribution in 2022 had been adjusted to be 3,289,330,011. Total distribution of HK\$95,391,000 in respect of 2022 final distribution period was paid on 6 June 2023.

The final distribution after 31 December 2022 had not been recognised as a liability as at 31 December 2022.

## 10. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO HOLDERS OF SHARE STAPLED UNITS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit and total comprehensive income for the period has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments) (Note)	3,231	3,196
Depreciation	559	559
Interest income	(1,500)	(3,913)

Note: The Groups recognised the total expenses of HK\$9,000 (six months ended 30 June 2023: Nil) for the six months ended 30 June 2024 in relation to share options granted by the ultimate holding company under share option scheme.

# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 11. BASIC AND DILUTED EARNINGS PER SHARE STAPLED UNIT

The calculation of basic and diluted earnings per Share Stapled Unit attributable to holders of Share Stapled Units is based on the following data:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Profit</b>		
Profit for the period for the purposes of basic and diluted earnings per Share Stapled Unit	<b>43,020</b>	630,966
	Six months ended 30 June	
	2024	2023
	'000	'000
	(unaudited)	(unaudited)
<b>Number of Share Stapled Units</b>		
Weighted average number of Share Stapled Units for the purposes of basic and diluted earnings per Share Stapled Unit	<b>3,361,407</b>	3,297,685

## 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024 and 2023, the Groups did not enter any new or early terminate any existing lease agreement of a leased property.

For the six months ended 30 June 2024 and 2023, there are no additions of property, plant and equipment other than the leased properties.



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 13. INVESTMENT PROPERTIES

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
FAIR VALUE		
At the beginning of the period/year (audited)	15,662,000	14,685,000
Additions	25,627	50,657
Increase in fair value recognised in profit or loss	37,373	926,343
At the end of the period/year	15,725,000	15,662,000

The fair value of the Groups' investment properties of HK\$15,725,000,000 at 30 June 2024 (31 December 2023: HK\$15,662,000,000) has been arrived at on a basis of valuation carried out by Vigers Appraisal and Consulting Limited, an independent professional property valuer not connected with the Groups.

The Groups engage independent professional property valuer to perform the valuation. Management works closely with the independent professional property valuer to establish the appropriate valuation techniques and inputs to the model. Management reports the valuation report and findings to the Trustee-Manager and the Directors half-yearly to explain the cause of fluctuations in the fair value of the investment properties.

The independent professional property valuer adopted income approach by using discounted cash flow analysis for the Hotels and income capitalisation approach for the retail shops to arrive at the valuation of investment properties at 30 June 2024 and 31 December 2023.

The discounted cash flow analysis for the hotel properties is established based on analysis of historical data and combined with assumptions about future market conditions affecting supply, demand, income, expenses and the potential of risk. These assumptions determine the earning capability of the hotel properties upon which the patterns of income and expenditures are projected to establish a fair maintainable operating profit on a pre-tax yearly basis by a reasonably efficient operator over a 10-year investment horizon; and the anticipated net operating income stream receivable thereafter is capitalised at appropriate terminal capitalisation rates and adjusted to present value by appropriate discount rate to reflect the capital values beyond the years.

The income capitalisation approach for the retail shops is established based on the capitalisation of the property net rental income derived from the existing tenancies at appropriate term yield, and due allowance has been made for the reversionary interests.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 14. DERIVATIVE FINANCIAL INSTRUMENTS

As at 30 June 2024 and 31 December 2023, all the derivative financial instruments are interest rate swaps. The Groups entered into interest rate swap contracts with a bank to manage the exposure to the interest rate risk on the Groups' floating-rate borrowings by swapping a proportion of those borrowings from floating rate to fixed rate. No hedge accounting is adopted and there is no offsetting during the period/year.

Major terms of the interest rate swaps are as follows:

Total notional amount	Maturity	Floating interest rate	Fixed interest rate	Interest period
<b>At 30 June 2024</b> HK\$1,500,000,000	<b>October 2025</b> – <b>December 2025</b>	<b>Hong Kong Interbank Offered Rate ("HIBOR")</b>	<b>3.975%–3.995%</b>	<b>Monthly</b>
At 31 December 2023 HK\$1,500,000,000	October 2025 – December 2025	HIBOR	3.975%–3.995%	Monthly

## 15. DEBTORS, DEPOSITS AND PREPAYMENTS

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Receivable from Master Lessee	13,440	39,512
Lease receivable	–	2
Deferred rent receivable	246	86
Other receivables	595	579
Deposits and prepayments	6,277	9,413
	<b>20,558</b>	49,592
Less: deposits paid to contractors for hotel renovation classified as non-current assets	<b>(5,507)</b>	(5,874)
<b>Debtors, deposits and prepayments classified as current assets</b>	<b>15,051</b>	43,718



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 15. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)

Aging analysis of receivable from Master Lessee and lease receivable based on the invoice date at the end of the reporting period is as follows:

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Within 3 months	<b>13,440</b>	39,514

Receivable from Master Lessee represents amount due from a fellow subsidiary of HK\$13,440,000 (31 December 2023: HK\$39,512,000), which was unsecured, interest free and repayable on presentation of invoices.

Other receivables mainly consist of interest receivable from banks for the fixed deposits.

Deposits and prepayments mainly consist of deposits paid to contractors for hotels renovation.

## 16. CREDITORS, DEPOSITS AND ACCRUALS

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Trade creditors	<b>30,735</b>	37,687
Accruals and other payables	<b>22,687</b>	24,701
Construction fee payables	<b>3,053</b>	5,211
Deposits received	<b>922</b>	606
	<b>57,397</b>	68,205

# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 16. CREDITORS, DEPOSITS AND ACCRUALS (CONTINUED)

Aging analysis of creditors based on the invoice date at the end of the reporting period is as follows:

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Within 3 months	13,934	21,767
More than 3 months and within 6 months	16,801	15,920
	<b>30,735</b>	37,687

Trade creditors represent amounts due to fellow subsidiaries of HK\$30,735,000 (31 December 2023: HK\$37,687,000), which are unsecured, interest-free and payable on presentation of invoices.

Accruals and other payables mainly consist of interest payable on bank borrowings and interest rate swaps.

Included in accruals and other payables are amounts due to fellow subsidiaries of HK\$32,000 (31 December 2023: HK\$166,000), which are unsecured, interest-free and payable on presentation of invoices.

Included in construction fee payable is retention money payables to contractors of HK\$849,000 (31 December 2023: HK\$1,471,000), which are payable within 1 year (31 December 2023: within 2 years).

# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 17. SECURED BANK LOANS

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Secured term loans	5,706,267	5,706,267
Secured revolving loans	352,880	352,880
Loan extension/front-end fee	(4,157)	(8,842)
	<b>6,054,990</b>	<b>6,050,305</b>
Amount due within one year shown under current liabilities	<b>6,054,990</b>	6,050,305

At 30 June 2024, the Groups have a banking facility amounted to HK\$6,247,600,000 (31 December 2023: HK\$6,247,600,000), including term loans facility amounted to HK\$5,706,267,000 (31 December 2023: HK\$5,706,267,000) and revolving loans facility amounted to HK\$541,333,000 (31 December 2023: HK\$541,333,000).

Secured term loans of HK\$5,706,267,000 (31 December 2023: HK\$5,706,267,000) are variable-rate borrowings, bearing interest at HIBOR plus 0.83% (31 December 2023: HIBOR plus 0.83%) per annum and are repayable in one lump sum on maturity date which will fall due in 2024 (31 December 2023: 2024). Secured revolving loans of HK\$352,880,000 (31 December 2023: HK\$352,880,000) are variable rate borrowings, bearing interest at HIBOR plus 0.83% (31 December 2023: HIBOR plus 0.83%) per annum and are revolving on a monthly basis, of which the related banking facilities will expire in 2024 (31 December 2023: 2024). All bank loans are secured by the Groups' investment properties.

## 18. ISSUED CAPITAL/UNITS

	Number of shares/units	Nominal value HK\$
Authorised: <b>Ordinary shares of HK\$0.0005 each</b> At 1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited)	<b>5,000,000,000</b>	<b>2,500,000</b>
<b>Preference shares of HK\$0.0005 each</b> At 1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited)	<b>5,000,000,000</b>	<b>2,500,000</b>



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 18. ISSUED CAPITAL/UNITS (CONTINUED)

Units issued/share capital issued and fully paid:

### Share Stapled Units

In accordance with the Trust Deed and the Company's articles of association, the number of ordinary shares and preference shares of the Company must be the same at all times and must be equal to the number of Share Stapled Units. Hence, the movement of the number of Share Stapled Units is the same as that of the ordinary shares and preference shares of the Company as shown below.

	Number of shares/units	Nominal value HK\$
<b>Ordinary shares of HK\$0.0005 each (note a)</b>		
At 1 January 2023 (audited)	3,273,483,079	1,636,742
Issue of ordinary shares as payment of hotel management fees and licence fee (note b)	15,846,932	7,923
Issue of ordinary shares as payment of hotel management fees and licence fee (note b)	29,538,995	14,770
<hr/>		
At 31 December 2023 (audited)	3,318,869,006	1,659,435
Issue of ordinary shares as payment of hotel management fees and licence fee (note b)	<b>55,432,596</b>	<b>27,716</b>
<hr/>		
At 30 June 2024 (unaudited)	<b>3,374,301,602</b>	<b>1,687,151</b>
<hr/>		
<b>Preference shares of HK\$0.0005 each (note c)</b>		
At 1 January 2023 (audited)	3,273,483,079	1,636,742
Issue of preference shares as payment of hotel management fees and licence fee (note b)	15,846,932	7,923
Issue of preference shares as payment of hotel management fees and licence fee (note b)	29,538,995	14,770
<hr/>		
At 31 December 2023 (audited)	3,318,869,006	1,659,435
Issue of preference shares as payment of hotel management fees and licence fee (note b)	<b>55,432,596</b>	<b>27,716</b>
<hr/>		
At 30 June 2024 (unaudited)	<b>3,374,301,602</b>	<b>1,687,151</b>

# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 18. ISSUED CAPITAL/UNITS (CONTINUED)

### Share Stapled Units (continued)

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
Issued capital/unit as shown in the condensed consolidated financial statements	3,374	3,319

Notes:

- (a) All of the issued ordinary shares of the Company are held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust.
- (b) Details of Share Stapled Units issued for both periods as payment of hotel management fees and licence fee are as follows (notes 19 and 22(c)):

Issue date	Relevant period	Date of issue price determined	Issue price HK\$	Aggregate issue price HK\$'000	Number of units
7 March 2023	1 July 2022 to 31 December 2022	6 March 2023	1.053	16,686	15,846,932
25 August 2023	1 January 2023 to 30 June 2023	24 August 2023	0.951	28,091	29,538,995
9 May 2024 (note)	1 July 2023 to 31 December 2023	4 March 2024	0.646 (note)	35,810	55,432,596

Note: The hotel management fees and licence fee for the second half of 2023 of HK\$35,810,000 ("2H 2023 Hotel Manager's Fees") were payable to Langham Hotels International Limited, a fellow subsidiary as at 31 December 2023, which would be settled by the allotment and issue of 55,432,596 new Share Stapled Units at HK\$0.646 per Share Stapled Unit (the "New SSUs") on 5 March 2024, the original payment deadline day of 2H 2023 Hotel Manager's Fees pursuant to the hotel management agreements and trademark licence agreements. On 4 March 2024, Langham Hotels International Limited and the Groups agreed to extend the original payment deadline day of 2H 2023 Hotel Manager's Fees to on or before 30 June 2024 as the issue of the New SSUs would exceed the original issuance cap that set in the hotel management agreements and trademark licence agreements. Following the approval of the majority of independent holders of Share Stapled Units in the extraordinary general meeting held on 8 May 2024 for increasing the issuance cap, the New SSUs were allotted and issued on 9 May 2024. The closing price of the Share Stapled Unit immediately preceding the issue date of 9 May 2024 was HK\$0.910 per Share Stapled Unit and the aggregate value of the New SSUs being issued is HK\$50,444,000 ("Aggregate Value"). An amount of HK\$14,634,000 was therefore recognised in the profit or loss as the difference between the aggregate issue price of the New SSUs and the Aggregate Value.

- (c) The preference shares issued are components of the Share Stapled Units and have no rights to dividends, distributions or other payment from the Company except in case of the winding up of the Company, or if the Trust is terminated, the preference shares of the Company would be redeemed on termination at their par value.



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 19. MAJOR NON-CASH TRANSACTION

The hotel management fees and licence fee payable to Langham Hotels International Limited for the six months ended 30 June 2024 of HK\$29,563,000 (six months ended 30 June 2023: HK\$28,091,000) (note 22(c)) will be settled by Share Stapled Units subsequent to the end of the reporting period.

## 20. COMMITMENTS

At 30 June 2024, the Groups had authorised capital expenditures for investment properties which were not provided for in these condensed consolidated financial statements amounting to HK\$8,305,000 (31 December 2023: HK\$15,656,000) of which HK\$5,791,000 (31 December 2023: HK\$14,156,000) were contracted for.

Other than that, the Groups did not have any significant commitments at the end of the reporting period.

## 21. OPERATING LEASE COMMITMENTS

### The Groups as lessor

Minimum lease payments receivable on leases are as follows:

	At 30 June 2024 HK\$'000 (unaudited)	At 31 December 2023 HK\$'000 (audited)
<b>With Master Lessee</b>		
Within one year	225,000	225,000
In the second year	225,000	225,000
In the third year	205,274	225,000
In the fourth year	–	92,540
	<b>655,274</b>	<b>767,540</b>
<b>With other tenants</b>		
Within one year	1,289	825
In the second year	1,300	600
In the third year	981	543
In the fourth year	582	–
	<b>4,152</b>	<b>1,968</b>

Lease with Master lessee (note 22(a)) are negotiated for a term of 14 years from the Listing Date.



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 21. OPERATING LEASE COMMITMENTS (CONTINUED)

From commencement date to 31 December 2019 (the "First Period"), leases are negotiated at fixed annual base rent and variable rent based on 70% of the Hotels' aggregate gross operating profit before deduction of global marketing fee. From 1 January 2020 to 31 December 2023 (the "Second Period") and 1 January 2024 to expiry date of lease term (the "Third Period"), the leases are negotiated with reference to market rental to be determined by independent professional property valuer. It was determined in 2019 that fixed annual base rent of Second Period remained the same as the First Period and variable rent of Second Period was calculated as the same basis as that of the First Period. In 2023, it was determined that fixed annual base rent of the Third Period remains the same as the Second Period, while the applicable percentage of variable rent is changed to 50%. The above minimum lease payments only include fixed annual base rent of the Third Period as the variable rent of the Third Period cannot be determined as of the date of approval of the condensed consolidated financial statements.

Leases with other tenants in respect of the retail shops on Eaton HK are negotiated for a term of four years at fixed monthly rentals and variable rentals which are charged based on the percentage of sales of retail shops. The above minimum lease payments only include fixed monthly rentals determined in the lease agreements as the variable rentals and the final year fixed rentals of one of the retail shops cannot be determined as of the date of approval of the condensed consolidated financial statements.

## 22. CONNECTED AND RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in these condensed consolidated financial statement, the Groups had the following significant transactions with related parties during the period. All of the following related parties are subsidiaries of Great Eagle Holdings Limited, the ultimate holding company, and Dr. Lo Ka Shui, Director of the Company, is a substantial shareholder, the chairman and managing director of Great Eagle Holdings Limited. The transactions were carried out in the normal course of the Groups' business on terms mutually agreed between the parties. The following significant transactions are connected transactions other than the interest expense on lease liabilities, the following related parties are connected parties of the Groups as defined in the chapter 14A of the Listing Rules.

# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 22. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)

	NOTES	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Rental income			
Master Lessee	(a)	228,111	270,509
Management fee income			
Langham Hotels International Limited	(b)	315	300
Hotel management fees and licence fee			
Langham Hotels International Limited	(c)	29,563	28,091
Global marketing fee			
Langham Hotels Services Limited	(d)	8,308	7,640
Property management services fee			
Keyesen Property Management Services Limited	(e)	1,529	1,421
Interest expenses on lease liabilities			
Moon Yik Company, Limited	(f)	9	19
Management fee and air conditioning charge			
Moon Yik Company, Limited	(f)	55	53
Lease agency fee			
The Great Eagle Estate Agents Limited	(g)	85	38
Administrative support service fee			
The Great Eagle Company, Limited	(h)	480	480
Procurement services fee			
Champion Global Services Limited	(i)	219	173
Project management services fee			
The Great Eagle Development and Project Management Limited	(j)	540	–
Design and construction contracting services fee			
Keyesen Engineering Company, Limited	(k)	29	300
Licence fee			
Sunrise Success Limited	(l)	481	481



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 22. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)

Notes:

- (a) For the purpose of connected and related party disclosures, rental income and related service fees income that charged to Master Lessee in accordance with the master lease agreements has been presented before netting with service fees (including hotel management fees, licence fee and global marketing fee) of HK\$37,871,000 (six months ended 30 June 2023: HK\$35,731,000). Annual base rent of HK\$225,000,000 was charged proportionately over the period for the six months ended 30 June 2024. Variable rent payable was recorded based on 50% (six months ended 30 June 2023: 70%) of the Hotels' aggregate gross operating profit before deduction of global marketing fee.

A reconciliation between the Hotels' aggregate gross operating profit and the Groups' segment profit, and calculation of variable rent are shown as follows:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Hotels' aggregate gross operating profit before deduction of global marketing fee	232,452	227,049
50% (six months ended 30 June 2023: 70%) thereon, variable rent (before netting with service fees)	116,226	158,934
Base rent	111,885	111,575
Add:		
Rental income from retail shops in Eaton HK	926	967
Groups' segment revenue	229,037	271,476
Less:		
Service fees		
– Hotel management fees (i.e. base fee and incentive fee)	(21,834)	(20,882)
– Licence fee	(7,729)	(7,209)
– Global marketing fee	(8,308)	(7,640)
Property taxes, rates and insurance	(9,767)	(9,472)
Other deductions	(443)	(319)
Groups' segment profit	180,956	225,954

- (b) The management fee income was charged to Langham Hotels International Limited for its share of administration expenses.



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 22. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)

Notes: (continued)

- (c) Langham Hotels International Limited is entitled, in accordance with hotel management agreements, to (i) a base fee of 1.5% of the total revenue of the relevant hotels; (ii) licence fee of 1% of the total revenue of the relevant hotels (payable under the trademark licence agreements); and (iii) an incentive fee of 5% of the adjusted gross operating profit (i.e. Hotels' gross operating profit less the base fee, licence fee and global marketing fee) of the relevant hotels. The hotel management fees and licence fee, which are part of service fees and have been netted with revenue, are reported as connected and related party transactions for the disclosure purpose. The hotel management fees and licence fee would be settled by Share Stapled Units (notes 18 and 19).

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(A) Total revenue of relevant hotels	772,888	720,889
(B) Adjusted relevant Hotels' gross operating profit	204,822	201,387
(i) Base fee (A x 1.5%)	11,593	10,813
(ii) Licence fee (A x 1%)	7,729	7,209
(iii) Incentive fee (B x 5%)	10,241	10,069
Total fees	29,563	28,091

- (d) Global marketing fee was payable on a fixed percentage of 2% of the total room revenue of the relevant hotels (i.e. HK\$415,403,000 (six months ended 30 June 2023: HK\$382,000,000)) under centralised services fees and marketing agreements. Global marketing fee, which is part of service fees and has been netted with revenue, is reported as a connected and related party transaction for the disclosure purpose.
- (e) The management services fee payable is determined based on the annual budget prepared by Keysen Properties Management Services Limited, taking into account the actual cost incurred, plus remuneration to Keysen Properties Management Services Limited, and the management shares allocated to Cordis, Hong Kong in respect of the lot of land on which it is situated.
- (f) Rental payments were made to Moon Yik Company, Limited for leasing office premises. Interest expenses on lease liabilities were recognised in both periods. As at 30 June 2024, lease liabilities to Moon Yik Company, Limited was approximately HK\$330,000 (31 December 2023: HK\$589,000). The management fee and air conditioning charge were payable to Moon Yik Company, Limited for the expenses related to office premises.
- (g) Lease agency fee was charged at the rate of 4% of the monthly rental income receivable from Eaton HK's retail shops plus an amount equivalent to a month's rental income arising from the leasing of the relevant retail shops for new leases and/or an amount equivalent to half month's rental income arising from the leasing of the relevant retail shops for renew leases (if any).
- (h) Administrative support service fee was charged on cost sharing basis and allocated to the Groups according to time spent by relevant personnel of The Great Eagle Company, Limited on the businesses of the Groups and the related share of administrative costs.
- (i) Procurement services fee at a rate of 5% of (a) the respective budgeted sums of furniture, fixtures and equipment categories for hotel renovation and operating supplies and equipment categories for hotel renovation and (b) the actual amount of the purchase orders for furniture, fixtures and equipment and operating supplies and equipment categories for hotel maintenance and miscellaneous categories.
- (j) Project management services fee was charged at a rate of 3% of the actual amount of the construction cost for renovation of the Hotels as certified by project quantity surveyor or other consultants.
- (k) The contract sum for the work of design and construction contracting services shall be negotiated on an arm's length basis and determined between Keysen Engineering Company, Limited and/or its associated companies and the Groups subject to tender or price comparison process to be arranged by the Groups in accordance with its internal control policy.
- (l) Licence fee was paid to Sunrise Success Limited for the non-exclusive right of using the licenced area on 7th Floor of Wah Shun Industrial Building as warehouse.

# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 22. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)

The remuneration of Directors and other members of key management during both periods are as follows:

	Six months ended 30 June	
	2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Short-term benefits	1,802	1,906
Post-employment benefits	9	9
	<b>1,811</b>	<b>1,915</b>

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair values of the Groups' financial asset and financial liability that are measured at fair values on a recurring basis

One of the Groups' financial assets (31 December 2023: financial liabilities) is measured at fair values at the end of the reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are quoted prices (unadjusted) in active markets for identical asset or liability;
- Level 2 fair value measurements are inputs other than those quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).



# NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2024 HK\$'000 (unaudited)	31 December 2023 HK\$'000 (audited)		
<b>Financial asset (liability)</b>				
Interest rate swaps classified as non-current	<b>3,635</b>	(12,277)	Level 2	Discounted cash flow – Future cash flows are estimated based on interest rates (from observable interest rates at the end of the reporting period) and contracted rates discounted at a rate that reflects the credit risk of the counterparties.

There were no transfers between Levels 1 and 2 during the current period/prior year.

The Trustee-Manager and the Directors consider that the carrying amounts of financial asset and financial liability recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values, determined in accordance with generally accepted pricing models based on discounted cash flow analysis.



# REPORT ON REVIEW OF CONDENSED FINANCIAL STATEMENTS OF LHIL MANAGER LIMITED

# Deloitte.

# 德勤

**TO THE MEMBER OF LHIL MANAGER LIMITED**

*(incorporated in Hong Kong with limited liability)*

## INTRODUCTION

We have reviewed the condensed financial statements of LHIL Manager Limited (the “Company”) set out on pages 63 to 66, which comprise the condensed statement of financial position as of 30 June 2024 and the related condensed statement of profit or loss and other comprehensive income and condensed statement of changes in equity for the six-month period then ended, and certain explanatory notes. Pursuant to the deed of trust dated 8 May 2013 constituting Langham Hospitality Investments entered into between the Company and Langham Hospitality Investments Limited (the “Trust Deed”), the Company is required to prepare its interim financial information in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited which 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” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed 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 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 financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

Certified Public Accountants

Hong Kong

15 August 2024

# CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF LHIL MANAGER LIMITED

For the six months ended 30 June 2024

	NOTE	Six months ended 30 June	
		2024 HK\$ (unaudited)	2023 HK\$ (unaudited)
Revenue		–	–
Administrative expenses		11,857	10,257
Less: Amount borne by a fellow subsidiary		(11,857)	(10,257)
<b>Profit or loss before tax</b>		–	–
Income tax	3	–	–
<b>Profit or loss and other comprehensive income/expense for the period</b>		–	–

## CONDENSED STATEMENT OF FINANCIAL POSITION OF LHIL MANAGER LIMITED

At 30 June 2024

	NOTE	At 30 June 2024 HK\$ (unaudited)	At 31 December 2023 HK\$ (audited)
<b>Current asset</b>			
Cash on hand		1	1
<b>NET ASSET</b>		1	1
<b>Capital</b>			
Share capital	4	1	1
<b>TOTAL EQUITY</b>		1	1

# CONDENSED STATEMENT OF CHANGES IN EQUITY OF LHIL MANAGER LIMITED

For the six months ended 30 June 2024

	Share capital HK\$
At 1 January 2023 (audited), 30 June 2023 (unaudited), 1 January 2024 (audited), and 30 June 2024 (unaudited)	1



# NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF LHIL MANAGER LIMITED

For the six months ended 30 June 2024

## 1. GENERAL

LHIL Manager Limited (“the Company”) is a limited liability company incorporated in Hong Kong. The Company’s parent company is LHIL Management Limited, a limited liability company incorporated in the British Virgin Islands. The directors of the Company (the “Directors”) consider the Company’s ultimate holding company to be Great Eagle Holdings Limited, a limited liability company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and the principal place of business of the Company is 33/F., Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is administering Langham Hospitality Investments (the “Trust”), in its capacity as trustee-manager of the Trust.

The costs and expenses of administering the Trust may be deducted from all property and rights of any kind whatsoever which are held on trust for the register holders of units of the Trust, in accordance with the terms of the deed of trust dated 8 May 2013 constituting the Trust entered into between the Company and Langham Hospitality Investments Limited as amended by the first supplemental deed dated 22 April 2016 and the second supplemental deed dated 12 May 2022 (collectively refer to as the “Trust Deed”) but, commensurate with its specific and limited role, the Company will not receive any fee for administering the Trust.

The Company had no income for both periods, thus the distribution statement is not presented.

The condensed financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

The Company had no cash transaction for both periods as all of its transactions were settled through inter-company current account, thus the condensed statement of cash flows is not presented.

## 2. BASIS OF PREPARATION OF CONDENSED FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES

### 2.1 Basis of preparation of condensed financial statements

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

The financial information relating to the year ended 31 December 2023 that is included in these condensed financial statements as comparative information does not constitute the Company’s statutory annual financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

As the Company is a private company, it is not required to deliver its financial statements to the Registrar of Companies, and the Company has not done so.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

# NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF LHIL MANAGER LIMITED

For the six months ended 30 June 2024

## 2. BASIS OF PREPARATION OF CONDENSED FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### 2.2 Principal accounting policies

The condensed financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2023.

In the current interim period, the Company has applied, for the first time, amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs in the current interim period has had no material impact on the amounts reported and/or disclosures set out in these condensed financial statements.

## 3. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the condensed financial statements as the Company did not have any assessable profits during both periods.

## 4. SHARE CAPITAL

	At 30 June 2024 (unaudited)		At 31 December 2023 (audited)	
	Number of ordinary share	Nominal value HK\$	Number of ordinary share	Nominal value HK\$
<b>Ordinary share with no par value</b>				
Issued and fully paid:				
Balance brought forward and carried forward	1	1	1	1

## 5. RELATED PARTY DISCLOSURES

Transaction with a fellow subsidiary is disclosed in the condensed statement of profit or loss and other comprehensive income.

All of the Company's key management personnel are directors. No directors' emoluments were paid or payable by the Company since the directors of the Company are not entitled to any remuneration under the terms as set out in their letters of appointment of directors.



## GLOSSARY OF TERMS

In this Interim Report, unless the context otherwise requires, the following expressions shall have the following meanings:

Terms	Definition
“Board(s)” or “Board(s) of Directors”	Board of directors of the Trustee-Manager and/or Board of directors of the Company
“Code of Conduct for Securities Transactions”	Code of Conduct regarding Securities Transactions by Directors and Relevant Employees adopted by the Trustee-Manager and the Company
“Company”	Langham Hospitality Investments Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 29 January 2013
“Company’s Articles of Association”	The second amended and restated articles of association of the Company adopted on 12 May 2022 as amended, supplemented, substituted or otherwise modified for the time being in force
“Company Board”	The Board of the Company
“Corporate Governance Code”	Appendix C1 “Corporate Governance Code” of the Listing Rules
“Great Eagle”	Great Eagle Holdings Limited (Stock Code: 41), the holding company of the Trust and the Company, holding 70.71% of the issued Share Stapled Units as at 30 June 2024
“Great Eagle Group”	Great Eagle and its subsidiaries
“Great Eagle ROFR Deed”	The Deed of Right of First Refusal dated 10 May 2013 entered into between Great Eagle and the Company
“Group”	The Company and its subsidiaries
“HKAS”	Hong Kong Accounting Standard
“HKEX”	Hong Kong Exchanges and Clearing Limited
“HKFRS”	Hong Kong Financial Reporting Standard
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Holder(s) of Share Stapled Units” or “Unitholder(s)”	Holder(s) of Share Stapled Units of the Trust and the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel Companies”	The companies which own the Hotels, being Harvest Star International Limited, Cordis Hong Kong Limited and Grow On Development Limited; and “Hotel Company” shall mean any of them
“Hotel Manager”	Langham Hotels International Limited, a company incorporated in Hong Kong with limited liability on 30 August 1984 and an indirect wholly-owned subsidiary of Great Eagle



## GLOSSARY OF TERMS

Terms	Definition
"Hotel(s)"	The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK
"Listing Date"	30 May 2013, being the date of listing of the Share Stapled Units on the Stock Exchange
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Master Lessee"	GE (LHIL) Lessee Limited, a company incorporated in Hong Kong with limited liability on 5 February 2013 and an indirect wholly-owned subsidiary of Great Eagle
"Model Code"	Appendix C3 "Model Code for Securities Transactions by Directors of Listed Issuers" of the Listing Rules
"RevPAR"	Revenue per available room
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Stapled Unit(s)" or "SSU(s)"	<p>Share stapled unit(s) jointly issued by the Trust and the Company. A share stapled unit is the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:</p> <ul style="list-style-type: none"> <li>(a) a unit in the Trust;</li> <li>(b) the beneficial interest in a specifically identified ordinary share in the Company linked to the unit in the Trust and held by the Trustee-Manager; and</li> <li>(c) a specifically identified preference share in the Company stapled to the unit in the Trust</li> </ul>
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Trust"	Langham Hospitality Investments, as constituted pursuant to the Trust Deed
"Trust Deed"	The deed of trust dated 8 May 2013 constituting the Trust, entered into between the Trustee-Manager and the Company and as amended by a first supplemental deed dated 22 April 2016 and a second supplemental deed dated 12 May 2022
"Trust Group"	The Trust and the Group
"Trustee-Manager"	LHIL Manager Limited, a company incorporated in Hong Kong with limited liability on 25 January 2013 and an indirect wholly-owned subsidiary of Great Eagle, in its capacity as trustee-manager of the Trust
"Trustee-Manager Board"	The Board of the Trustee-Manager
"Valuer" or "Vigers"	Vigers Appraisal and Consulting Limited, an independent property valuer appointed by the Company pursuant to the Master Lease Agreements





## Langham Hospitality Investments 朗廷酒店投資

(as constituted pursuant to a deed of trust on 8 May 2013 under the laws  
of Hong Kong, the trustee of which is LHIL Manager Limited)  
(根據香港法律按日期為二零一三年五月八日之信託契約組成  
其託管人為朗廷酒店管理人有限公司)

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## Langham Hospitality Investments Limited 朗廷酒店投資有限公司

(Incorporated in the Cayman Islands with limited liability)  
(於開曼群島註冊成立之有限公司)

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