鷹君集團有限公司
Great Eagle Holdings Limited
於百慕達註冊成立之有限公司
Incorporated in Bermuda with limited liability

(Stock Code: 41)

2023 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the "**Board**") of Great Eagle Holdings Limited (the "**Company**") announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2023 as follows:

	Six months ended 30 June		
	2023 *HK$ million*	**2022** *HK$ million*	**Change**
Key Financials on Income Statement			
Based on core business [1]			
Revenue based on core business	**3,630.0**	**2,967.0**	**22.3%**
Core profit after tax attributable to equity holders	**1,109.5**	**513.0**	**116.3%**
Core profit after tax attributable to equity holders (per share)	**HK$1.48**	**HK$0.70**	
Based on statutory accounting principles [2]			
Revenue based on statutory accounting principles	**5,082.4**	**4,091.0**	**24.2%**
Statutory profit attributable to equity holders	**478.7**	**123.9**	**286.4%**
Interim dividend (per share)	**HK$0.37**	**HK$0.33**	

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

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

	As at the end of	
	June 2023	December 2022
Key Financials on Balance Sheet		
Based on share of Net Assets of Champion REIT, LHI and the U.S. Fund (core balance sheet)[1]		
Net gearing	10.1%	11.1%
Book value (per share)	HK$87.1	HK$86.3
Based on statutory accounting principles [2]		
Net gearing [3]	35.6%	36.9%
Book value (per share)	HK$76.2	HK$76.0

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

[2] As for the Group's balance sheet prepared under the statutory accounting principles, the entire debts of Champion REIT, LHI and the U.S. Fund were consolidated in aggregate. However, the Group only owns a 68.78%, 69.96% and 49.97% equity stake in Champion REIT, LHI and the U.S. Fund respectively as at the end of June 2023.

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

Core Profit - Financial Figures based on core business

	Six months ended 30 June		
	2023 *HK$ million*	2022 *HK$ million*	Change
Revenue from core business			
Revenue from property sales	586.8	539.6	8.7%
Hotels Division	2,250.2	1,591.3	41.4%
Management fee income from Champion REIT	170.7	168.8	1.1%
Distribution income from Champion REIT ^	382.0	430.8	-11.3%
Distribution income from LHI ^	-	-	-
Gross rental income	82.4	74.2	11.1%
Other operations	157.9	162.3	-2.7%
Total revenue	**3,630.0**	**2,967.0**	**22.3%**
Income from property sales	545.4	263.4	107.1%
Hotels EBITDA	422.4	131.9	220.2%
Management fee income from Champion REIT	170.7	168.8	1.1%
Distribution income from Champion REIT ^	382.0	430.8	-11.3%
Distribution income from LHI ^	-	-	-
Net rental income	54.8	48.9	12.1%
Operating income from other operations	65.1	69.4	-6.2%
Operating income from core business	**1,640.4**	**1,113.2**	**47.4%**
Depreciation	(167.6)	(175.3)	-4.4%
Administrative, selling and other expenses	(227.5)	(270.0)	-15.7%
Other income	21.2	4.2	404.8%
Interest income	82.4	18.7	340.6%
Finance costs	(187.5)	(95.1)	97.2%
Share of results of joint ventures	94.0	1.8	n.m.
Share of results of associates	(4.7)	(7.7)	-39.0%
Core profit before tax	**1,250.7**	**589.8**	**112.1%**
Income taxes	(141.8)	(77.1)	83.9%
Core profit after tax	**1,108.9**	**512.7**	**116.3%**
Non-controlling interest	0.6	0.3	100.0%
Core profit attributable to equity holders	**1,109.5**	**513.0**	**116.3%**

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

Segment assets and liabilities (based on net assets of Champion REIT, LHI and the U.S. Fund)

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

30 June 2023

	Assets	**Liabilities**	**Net Assets**
	HK$ million	***HK$ million***	***HK$ million***
Great Eagle operations	**42,894**	**16,706**	**26,188**
Champion REIT	**44,580**	**12,027**	**32,553**
LHI	**10,909**	**4,813**	**6,096**
U.S. Fund	**455**	**173**	**282**
	98,838	**33,719**	**65,119**

31 December 2022

	Assets	Liabilities	Net Assets
	HK$ million	*HK$ million*	*HK$ million*
Great Eagle operations	43,282	17,356	25,926
Champion REIT	44,539	11,926	32,613
LHI	10,471	4,783	5,688
U.S. Fund	435	158	277
	98,727	34,223	64,504

Financial Figures based on statutory accounting principles

	Six months ended 30 June 2023 *HK$ million*	2022 *HK$ million*	Change
Revenue based on statutory accounting principles			
Revenue from property sales	586.8	539.6	8.7%
Hotels Division	2,970.4	2,008.3	47.9%
Gross rental income	82.4	74.2	11.1%
Other operations (including management fee income from Champion REIT)	328.5	331.1	-0.8%
Gross rental income - Champion REIT	1,299.5	1,330.8	-2.4%
Gross rental income - LHI	271.5	203.6	33.3%
Gross revenue - U.S. Fund	19.4	21.0	-7.6%
Elimination on intragroup transactions	(476.1)	(417.6)	14.0%
Consolidated total revenue	**5,082.4**	**4,091.0**	**24.2%**
Income from property sales	545.4	263.4	107.1%
Hotels EBITDA	422.4	131.9	220.2%
Net rental income	54.8	48.9	12.1%
Operating income from other operations (including management fee income from Champion REIT)	235.8	238.2	-1.0%
Net rental income - Champion REIT	876.3	917.7	-4.5%
Net rental income - LHI	226.4	171.9	31.7%
Net operating income - U.S. Fund	6.2	9.7	-36.1%
Elimination on intragroup transactions	(8.1)	(26.3)	-69.2%
Consolidated segment results	**2,359.2**	**1,755.4**	**34.4%**
Depreciation	(445.7)	(446.2)	-0.1%
Fair value changes on investment properties	(421.1)	(548.9)	-23.3%
Fair value changes on derivative financial instruments	(138.6)	286.3	-148.4%
Fair value changes on financial assets at fair value through profit or loss	10.7	(83.5)	n.m.
Administrative, selling and other expenses	(238.0)	(264.9)	-10.2%
Allowance for credit losses on notes receivables	-	(36.4)	n/a
Other income (including interest income)	117.6	33.8	247.9%
Finance costs	(579.8)	(349.3)	66.0%
Share of results of joint ventures	88.1	40.1	119.7%
Share of results of associates	(4.7)	(7.7)	-39.0%
Statutory profit before tax	**747.7**	**378.7**	**97.4%**
Income taxes	(251.8)	(211.6)	19.0%
Statutory profit after tax	**495.9**	**167.1**	**196.8%**
Non-controlling interest	3.6	(25.3)	n.m.
Non-controlling unitholders of Champion REIT	(20.8)	(17.9)	16.2%
Statutory profit attributable to equity holders	**478.7**	**123.9**	**286.4%**

OVERVIEW

The Group had been benefitted from the resumption of post-COVID normalcy during the first half of 2023 where a significant part of the growth was derived from the improved performance of our hotel portfolio worldwide. The operation of our overseas hotels in the UK, North American and Oceanic regions had recorded a sustained growth with reviving demand from the leisure, business and group travellers. In addition, a strong recovery was also witnessed for our hotels in Mainland China, whilst our hotels in Hong Kong had also recovered strongly following the full reopening of borders and the lifting of COVID-related restrictions.

Nevertheless, the global economic landscape was still impeded by market pessimism caused by the escalating interest rates and the deteriorating geo-political tensions between US and China. These factors weighted on the post-COVID recovery pace of the overall economy. For Hong Kong, the weakened demand for new office space and contraction in home sales (for both new and second-handed properties) have been worsening in the first half of 2023.

During the reporting period, the Group has been continuously conducting active management measures aiming to enhance the operation efficiency, as well as to improve the wellbeing and experience of our tenants and patrons. Following the revival of the hospitality sector, the Group commenced the construction works for the new Langham Hotel in Venice, and the continuation of major phased refurbishment of Chelsea Hotel, Toronto, as well as strategically planning the huge redevelopment of the Chelsea site into a mixed-use condo-hotel development. In addition, we implemented the development of the new midscale hotel brand Ying'nFlo into Hong Kong and Mainland China, where the second outlet namely Ying'nFlo Wesley located in Admiralty, Hong Kong is scheduled to open in Q4, 2023.

The Group's core profit attributable to equity holders for the 1H 2023 period was HK$1,109.5 million, representing a 116.3% growth compared to that of last year (1H 2022: 513.0 million). Meanwhile, the Group's statutory result, which included revaluation deficit and fair value change on financial instruments, reported a profit attributable to equity holders of HK$478.7 million (1H 2022: HK$123.9 million). The Management's discussion and analysis below mainly focuses on the core profit of the Group.

Our operating income from core business rose 47.4% to HK$1,640.4 million (1H 2022: HK$1,113.2 million). This is mainly attributed to the strong performance of our hotels worldwide where an earning before interest, taxes, depreciation and amortisation ("**EBITDA**") of HK$422.4 million was reported for the Hotels Division, and this represented a 220.2% growth from that of last year (1H 2022: HK$131.9 million). The substantial growth is mainly due to the sustained recovery of demands for our hotel portfolio globally following the full lifting of COVID-related measures (which excluded the three Hong Kong hotels under LHI).

Despite the improvement of performance observed for the hotels under LHI, nevertheless, the rising finance costs had significantly impacted its profitability. LHI did not declare any interim distribution for the first half of 2023 (1H 2022: nil).

The operating environment of Champion REIT remained challenging amid the weakened business sentiment and abundant office supply. Distribution income from Champion REIT dropped by 11.3% to HK$382.0 million (1H 2022: HK$430.8 million), whilst management fee income remained stable at HK$170.7 million during the first half of 2023 (1H 2022: HK$168.8 million).

In addition, the gross profit of ONTOLO project recorded an increase of 107.1% to HK$545.4 million mainly attributable to a non-recurring one-off construction cost saving following the conclusion of the final account with the main contractor (1H 2022: HK$263.4 million).

The net rental income from our investment portfolio, mainly Great Eagle Centre, Ying'nFlo and Eaton Residences, recorded a 12.1% increase to HK$54.8 million (1H 2022: HK$48.9 million). This is mainly contributed by the increasing demand for Ying'nFlo and Eaton Residences after the reopening of borders between China and Hong Kong.

The Group's other business operations recorded a net income of HK$65.1 million (1H 2022: HK$69.4 million) which comprised dividends income from investment in listed shares, property management income and results of other business operations.

The administrative, selling and other expenses have reduced by 15.7% to HK$227.5 million (1H 2022: HK$270.0 million) for the first half of 2023 and this is largely due to the absence of credit loss provision of Chinese bond receivables and the reduced write-off of non-core venture capital investment compared to the corresponding period of last year. In addition, there was a substantial increase in the selling expenses for property sales with the inclusion of showroom and marketing expenses of HK$11.6 million for the Ho Man Tin residential project, and this was offset by the decreased professional fees as a result of the reduced new investment activities amid the uncertain market.

The finance costs of the Group increased 97.2% to HK$187.5 million (1H 2022: HK$95.1 million) and this is mainly due to the higher interest rates. On the other hand, the interest income recorded a 340.6% growth to HK$82.4 million (1H 2022: HK$18.7 million) and this partially mitigated the impact of the escalating borrowing costs.

The share of results of joint ventures rose to HK$94.0 million (1H 2022: HK$1.8 million). This is attributed to the cash recovered by our joint venture company from the purchaser of our previous Dalian project following the successful legal actions taken to pursue the overdue consideration.

BUSINESS REVIEW

Breakdown of Operating Income	**Six months ended 30 June**		
	2023	**2022**	
	HK$ million	***HK$ million***	**Change**
1. Income from property sales	545.4	263.4	107.1%
2. Hotels EBITDA	422.4	131.9	220.2%
3. Income from Champion REIT	552.7	599.6	-7.8%
4. Distribution income from LHI	-	-	-
5. Net rental income from investment properties	54.8	48.9	12.1%
6. Operating income from other operations	65.1	69.4	-6.2%
Operating income from core business	**1,640.4**	**1,113.2**	**47.4%**

1. PROPERTY SALES

ONTOLO, Pak Shek Kok

The site, which is located in Pak Shek Kok, Tai Po and commands spectacularly unobstructed sea views over Tolo Harbour was acquired in May 2014. The development, with a total permissible gross floor area of 730,870 sq. ft. or saleable area of 635,612 sq. ft., comprising 723 luxury residential units and 456 car parking spaces, was completed in Q4, 2020.

The average sales price of residential units for the first half of 2023 was HK$21,400 per sq. ft. based on saleable area, while the average sales price for the sold car parking spaces was HK$2.86 million per unit.

During the reporting period, 22 residential units and 10 car parking spaces were delivered, resulting in the booking of relevant revenue of HK$586.8 million. By end of Q2, 2023, accumulated sales reached 647 residential units, which represented 89.5% of the total 723 residential units. Among such, 608 units had been delivered to buyers.

Subsequent to the reporting period, the final account with the main contractor had been concluded. There was a non-recurring one-off cost saving amounted to HK$388 million, out of which HK$260 million has to be adjusted to cost of units handed over to the buyers prior to end of 2022. Together with the aforesaid cost revision, ONTOLO reported a gross profit of HK$545.4 million for the period ended 30 June 2023.

2. HOTELS DIVISION

Hotels Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (local currency)		RevPAR (local currency)	
	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022
Europe								
The Langham, London	380	380	69.8%	54.6%	495	487	345	266
North America								
The Langham, Boston	312	299	57.8%	36.5%	447	480	259	175
The Langham Huntington, Pasadena	379	379	68.0%	49.5%	337	382	230	189
The Langham, Chicago	316	315	60.4%	54.9%	485	509	293	280
The Langham, New York, Fifth Avenue	234	234	75.2%	58.3%	678	674	510	393
Eaton, Washington D.C.	209	209	71.6%	53.2%	288	275	206	147
Chelsea Hotel, Toronto	1,590	1,590	64.5%	58.7%	203	142	131	83
Australia / New Zealand								
The Langham, Melbourne	388	388	69.6%	47.4%	360	368	250	174
The Langham, Sydney	96	96	71.8%	54.4%	565	564	406	307
Cordis, Auckland	640	639	66.4%	21.1%	262	239	174	50
Mainland China								
The Langham, Shanghai, Xintiandi	356	356	83.0%	39.0%	1,311	1,038	1,088	405
Cordis, Shanghai, Hongqiao	392	393	74.4%	42.3%	844	743	627	314

	Six months ended 30 June		
	2023 *HK$ million*	2022 *HK$ million*	Change
Hotels revenue			
Europe	321.2	259.1	24.0%
North America	1,230.7	927.7	32.7%
Australia / New Zealand	402.8	267.4	50.6%
Mainland China	204.6	91.4	123.9%
Others (including hotel management fee income)	90.9	45.7	98.9%
Total hotels revenue	**2,250.2**	**1,591.3**	**41.4%**
Hotels EBITDA			
Europe	86.9	61.6	41.1%
North America	203.7	131.1	55.4%
Australia / New Zealand	48.4	(4.5)	n.m.
Mainland China	64.1	(11.7)	n.m.
Others (including hotel management fee income)	19.3	(44.6)	n.m.
Total hotels EBITDA	**422.4**	**131.9**	**220.2%**

During the reporting period, the operating performance of our hotel portfolio recorded a solid improvement. For our overseas hotels, there was a steady lifting in both room rates and occupancies despite seasonal fluctuation and the revenue per available room continued to trend up. On the other hand, while growth in international travel to Mainland China was limited by international airline capacity, nevertheless, performance of our hotels were supported by increased domestic demand.

The total revenue for the Hotels Division recorded an 41.4% year-on-year growth to HK$2,250.2 million (1H 2022: HK$1,591.3 million).

Overall, the Hotels Division reported an EBITDA of HK$422.4 million during first half of 2023 (1H 2022: HK$131.9 million). The Hotels EBITDA also included hotel management fee income from purely managed hotels; as well as any surplus or shortfall incurred by the Group as the master lessee of LHI's hotels, which are included under the row "Others" in the above Hotels EBITDA table.

EUROPE

The Langham, London

Buoyant performance has been recorded where the average room rate was over 39% up compared to the same pre-pandemic period in 2019. This is largely driven by the resilient domestic leisure demand and the ongoing recovery of international business travel.

NORTH AMERICA

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

Our US region has seen demand growth as corporate and group activities returned to the market. The change in business mix is reflected in a stronger average rate for some hotels.

Chelsea Hotel, Toronto

The hotel saw business recovery in Q2, 2023 which was largely attributed to the leisure business heading into the summer season. The long stay student groups from the universities also contributed steady occupancy during the winter season.

AUSTRALIA / NEW ZEALAND

The Langham, Melbourne and The Langham, Sydney

During Q1, 2023, our Australian hotels saw improved performance which was mainly driven by business contributed by large citywide events. Nevertheless, a slower market demand and a reduction in leisure business have been witnessed for Q2 this year.

Cordis, Auckland

Rooms performance was supported by leisure and corporate business as the pace of international arrivals increased during the summer season. The hotel's occupancy was also supported by steady base business from aircrew segment. Food & Beverage ("**F&B**") revenue was boosted by catering segment along with improved meeting and conference business.

MAINLAND CHINA

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

The two Shanghai properties had seen improved rooms performance due to pent-up demand in the leisure segment and domestic business travel, although the average room rates still lagged pre-pandemic due to a reduction of international travellers since reopening of borders. Restaurants and catering businesses had not been as strong as expected, and strategic initiatives had been put in place to boost revenue.

Hotel Management Business

As of end of Q2, 2023, there were 12 third-party hotels under management with approximately 3,400 rooms.

3. INCOME FROM CHAMPION REIT

The Group's core profit was based on the attributable distribution income and management fee income from Champion REIT in respect of the same financial period. On that basis, total income from Champion REIT in the first half of 2023 dropped by 7.8% to HK$552.7 million. Of which, distribution income decreased by 11.3% year-on-year to HK$382.0 million, as Champion REIT declared a 12.6% decline in distribution per unit while our holdings in Champion REIT increased from 67.99% as at the end of June 2022 to 68.78% as at the end of June 2023. The overall management fee income from Champion REIT increased slightly by 1.1% to HK$170.7 million in the first half of 2023.

	Six months ended 30 June		
	2023	2022	
	HK$ million	*HK$ million*	Change
Attributable distribution income	382.0	430.8	-11.3%
Management fee income	170.7	168.8	1.1%
Total income from Champion REIT	**552.7**	**599.6**	**-7.8%**

The following text was extracted from the 2023 interim results announcement of Champion REIT relating to the performance of the REIT's properties.

Three Garden Road
Occupancy of the property was 82.2% as at 30 June 2023 (31 December 2022: 82.7%). While occupancy was relatively stable in the first half of 2023, the competitive landscape in the Grade A Central office market remained because of the available inventory. Market rental of the property continued to soften and negative rental reversion continued to affect the income. Passing rent dropped to HK$95.3 per sq. ft. (based on lettable area) (31 December 2022: HK$99.7 per sq. ft.). Total rental income of the property lowered to HK$627 million (1H: 2022: HK$689 million).

Ongoing asset enhancement is essential to maintain the competitive edge of the property, given the abundant supply and rising expectations for better amenities and sustainable features of office occupiers. To this end, we completed the lift modernisation project at Three Garden Road to improve efficiency during the reporting period.

Net property operating expenses increased by 4.2% to HK$72 million (1H 2022: HK$69 million). The lower average occupancy resulted in higher net building management expenses as landlord has to bear the cost for vacant units. Net property income decreased by 10.5% to HK$555 million (1H 2022: HK$620 million).

Langham Place Office Tower
Occupancy of the property remained stable at 93.2% as at 30 June 2023 (31 December 2022: 93.3%). While we saw quite a sizeable proportion of lease expiring this year, many of them had been handled in the first half. Rental income decreased by 3.7% to HK$174 million (1H 2022: HK$181 million), mainly due to negative rental reversion. Passing rent as at 30 June 2023 was HK$45.4 per sq. ft. (based on gross floor area) (31 December 2022: HK$46.0 per sq. ft.).

Net property operating expenses went up to HK$21 million (1H 2022: HK$17 million) mainly due to higher rental commission resulting from a higher number of expiring leases, as well as increase in other operating expenses. Net property income decreased 7.0% to HK$153 million (1H 2022: HK$164 million).

Langham Place Mall
Occupancy of the property receded to 95.0% as at 30 June 2023 mainly due to the time gap in tenant turnover. All the unoccupied areas had been committed, and renovations of new entrants were under way.

The robust rebound in tenants' sales lifted the turnover rent by over two-fold to HK$114 million (1H 2022: HK$51 million). The increase was more than sufficient to cover the 11.4% decline in base rent portion to HK$224 million (1H 2022: HK$253 million). Total rental income of the mall grew 12.3% to HK$366 million (1H 2022: HK$326 million). Average passing rent increased to HK$192.3 per sq. ft. (based on lettable area) as at 30 June 2023 (31 December 2022: HK$157.1 per sq. ft.). The short-term leases signed during COVID-19 allowed us to capture the improving retail momentum during negotiations for renewal. Also, as market sentiment recuperated, more tenants were willing to resume the payment of base rent. The proportion of tenants paying turnover rent only lowered further to 4% as at 30 June 2023.

To capture the return of tourists and ride on the release of the consumption voucher scheme in April, a series of promotional activities were activated to boost sales and footfall. For instance, a joint promotion with a bank was developed to stimulate sales and also exclusive shopping vouchers were offered to tourists. Langham Beauty also opened a Xiaohungshu account, targeting mainland tourists. New tenants ranging from the food and beverage, lifestyle to fashion categories were introduced to the mall to provide variety for patrons.

4. DISTRIBUTION INCOME FROM LHI

Under statutory accounting principles, our investment in LHI is classified as a subsidiary, and its results are consolidated into the Group's statutory income statement. However, as LHI is principally focused on distributions, the Group's core profit will be derived from the attributable distribution income. We believe this will better reflect the financial return and economic interest attributable to our investment in LHI. This treatment is also consistent with our practice in accounting for returns from our investment in Champion REIT, which also focuses on distributions. LHI did not declare any interim distribution for the first half of 2023.

Performances of the Hong Kong hotels below were extracted from the 2023 interim results announcement of LHI relating to the performance of the trust group's properties.

	Average Daily Rooms Available		**Occupancy**		**Average Room Rate (in HK$)**		**RevPAR (in HK$)**	
	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022
The Langham, Hong Kong	498	498	84.5%	70.6%	2,044	1,644	1,727	1,160
Cordis, Hong Kong	667	668	88.4%	71.1%	1,468	1,501	1,297	1,067
Eaton HK	465	465	86.0%	76.3%	963	1,096	828	836

The Langham, Hong Kong

The Langham, Hong Kong, has seen robust performance since the borders reopened in early 2023, with a strong influx of Mainland China tourists wanting luxury Hotel accommodation in the Tsim Sha Tsui district.

The hotel experienced an immediate uptick in room business following the full reopening of the borders with Mainland China and the lifting of all quarantine controls and social distance measures. The occupancy increased from 70.6% in the first half of 2022 to 84.5% in the first half of 2023, while the average room rate increased by 24.3% to HK$2,044 per night year-over-year in the first half of 2023. In the first half of 2023, the RevPAR increased by 48.9% to HK$1,727 per night. Last year, the hotel switched to operating as a CIF/quarantine hotel from early March to the end of September in an effort to stabilise occupancy and daily room rates.

In the first half of 2023, F&B revenue soared 3.2 times year over year, in part due to the stronger business growth at the T'ang Court, which has maintained its prestigious 3-star Michelin, and good banquet business. Furthermore, in 2022, there was a temporary closure of all F&B outlets under the CIF Hotel Scheme.

In the first half of 2023, total revenue rose 95.6% from the previous year.

Cordis, Hong Kong

Cordis, Hong Kong, witnessed growth in its accommodation business, driven mainly by increased demand from Mainland China. Although the hotel still maintained some business from the local staycation market as well as the long-stay segment.

Hotel occupancy increased from 71.1% in the first half of 2022 to 88.4% in the first half of 2023, while the average room rate slightly decreased by 2.2% to HK$1,468 per night year-over-year in the first half of 2023. As a result, the RevPAR increased by 21.6% to HK$1,297 per night. In order to stabilise occupancy and room rates, the hotel switched to operating as a CIF/quarantine hotel from mid-March to the end of September 2022, and this operation mode supported revenue levels in 2022.

The hotel's F&B revenue increased by 3.5 times year-on-year in the first half of 2023. This was across all outlets, but specifically Ming Court Chinese Restaurant and the catering segment that is supported by weddings, meetings and events. Also note that in the first half of 2022, there were temporary closures of all F&B outlets due to operating under the CIF Hotel and quarantine hotel operations.

In the first half of 2023, total revenue increased 76.6% year-on-year.

Eaton HK

Eaton HK, was contracted to provide accommodation to the staff from the Hospital Authority for 3 months, from mid-March to mid-June 2022, at a favourable guaranteed room rate. The Hospital Authority's bookings last year boosted numbers significantly, and therefore the hotel has managed to deliver a moderate growth in occupancy from 76.3% in the first half of 2022 to 86.0% in the first half of 2023, whereas the average room rate decreased by 12.1% to HK$963 per night. The RevPAR slightly declined by 1.0% year-on-year for the first half of 2023.

Yat Tung Heen, The Astor, and banquet business all saw steady improvement during the first half of 2023, contributing to F&B revenue's increasing 83.6% year-over-year.

5. RENTAL INCOME FROM INVESTMENT PROPERTIES

	Six months ended 30 June		
	2023	2022	
	HK$ million	*HK$ million*	Change
Gross rental income			
Great Eagle Centre	37.5	41.5	-9.6%
Ying'nFlo and Eaton Residences	25.4	14.3	77.6%
Others	19.5	18.4	6.0%
	82.4	**74.2**	**11.1%**

Net rental income			
Great Eagle Centre	31.4	34.3	-8.5%
Ying'nFlo and Eaton Residences	15.1	7.7	96.1%
Others	8.3	6.9	20.3%
	54.8	**48.9**	**12.1%**

Great Eagle Centre

	As at the end of		
	June 2023	June 2022	Change
Office (on lettable area)			
Occupancy	**65.0%**	62.3%	2.7ppt
Average passing rent	**HK$54.2**	HK$58.2	- 6.9%
Retail (on lettable area)			
Occupancy	**62.9%**	92.2%	- 29.3ppt
Average passing rent	**HK$83.8**	HK$68.5	22.3%

The rental performance of Great Eagle Centre was softened as office demand from Mainland China corporations had not been recovered as expected with the reopening of borders. The increasing supply of new office stocks in the Hong Kong Island also exerted extra pressures to the already weakened office market. The Group's overall rental income for Great Eagle Centre fell 9.6% year-on-year to HK$37.5 million in the first half period (1H 2022: HK$41.5 million). Office occupancy slightly improved by 2.7 percentage points to 65.0% as of end June 2023, whilst the average passing rents of office space recorded a drop by 6.9% to HK$54.2 per sq. ft.

Ying'nFlo and Eaton Residences

.	Six months ended 30 June		
	2023	2022	Change
(on gross floor area)			
Occupancy	**73.0%**	54.9%	18.1ppt
Average net passing rent	**HK$29.7**	HK$22.2	33.8%

Eaton Residences Wan Chai Gap Road was relaunched as Ying'nFlo Wan Chai at the end of October 2022. The Group's overall rental income for Ying'nFlo and Eaton Residences recorded an improvement with a 77.6% growth to HK$25.4 million for the first half of 2023 (1H 2022: HK$14.3 million). This was mainly driven by the improved demand as leisure business from Mainland China began returning to the local market.

6. OPERATING INCOME FROM OTHER OPERATIONS

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

For the first half of 2023, operating income from other business segments dropped 6.2% to HK$65.1 million (1H 2022: HK$69.4 million).

DEVELOPMENT PROJECTS

Hong Kong and Mainland China

Ho Man Tin Residential Development Project
This project is comprised of a gross floor area of approximately 742,000 sq. ft., or a saleable area of 660,000 sq. ft., involving the development of 990 apartments above Ho Man Tin MTR station under a Development Agreement with MTR Corporation Limited. Works are on schedule and presale is targeted to launch in the first half of 2024.

Dalian Mixed-use Development Project
The Dalian project was sold to a third party in July 2019 but buyer failed to meet the payment obligations due to its own financial issue. Appropriate legal actions including arbitration proceedings and preservation measures had been taken to pursue the outstanding balance. In Q1, 2023, the Dalian court enforced the arbitration awards and released the cash of RMB188.7 million to our joint venture company. Since our joint venture company had made full credit loss provision of the outstanding proceeds in prior year, the reversal of corresponding provision would be reflected in its profit for the period, of which our Group shared 50%. The enforcement effort would be continued targeting to recoup the remaining balance.

Japan

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

World renowned architect, Kengo Kuma & Associates has been commissioned to design this 270-key flagship hotel. Planning application was submitted to the local government, and a general contractor has been previously appointed to conduct project feasibility and further value engineering works. Nevertheless, construction cost remained high despite the continued efforts on value re-engineering. In view of such, the Group is in the process of exploring further development options including but not limited to schemes with mix of hotel and luxury condominiums, and will not start construction until an economically viable option is found.

United States

San Francisco Hotel Development Project, 1125 Market Street
San Francisco Hotel Redevelopment Project, 555 Howard Street
The above two projects are currently under review for their profitability due to uncertain market conditions and the severe escalation of construction costs in San Francisco. These projects have been put on hold and various plans for alternative divestment strategies are being evaluated.

Seattle Development Project, 1931 Second Avenue
The Group acquired a site in downtown Seattle with an area of approximately 19,400 sq. ft. for US$18 million in December 2016. The site is situated at one of the most prime location of downtown Seattle and near the famous Pike Place market. Although the site has already been approved for the development of a hotel, the Group is pursuing to obtain entitlement in expanding the development's gross floor area to 553,000 sq. ft., and incorporate residential component to the project, thus further enhancing the financial attractiveness of this mixed-use luxury hotel and condominium project. We brought in world renowned architect, Kengo Kuma & Associates, to design this landmark mixed-use development project. Building Permit Application was submitted in June 2023 for code vestiture, whilst submission of the remaining items for the entitlement is scheduled to lodge in Q3, 2023 to tie in with the Building Permit application. Construction cost is subject to further examination and refinement. We are closely monitoring the Seattle construction costs as well as the sales market for luxury condominiums.

Canada

Chelsea Hotel Redevelopment
In view of the strong condominium demand in Toronto and the desirable market sales price, the Group has recognized the possible market potential and continued to work on the plan to redevelop the Chelsea Hotel site into a mixed-use project comprising condominium and hotel components, with a total planned gross floor area of approximately 1.7 million sq.ft.

Meanwhile, notwithstanding the abovementioned redevelopment plan, the Chelsea Hotel operation continues.

Europe

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

World-renowned architect Matteo Thun is designing the hotel. Early Works (foundations and excavation) were commenced on site in January 2023. Tender for the Shell & Core works was issued in May 2023. Cost consultant has been updating the cost estimate, whilst design development and construction documentation works were in progress.

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

OUTLOOK

The landscape of global economy remains challenging for the remainder of 2023. In particular, the intertwining impacts of high interest rates, lasting of warfare between Russia and Ukraine, geo-political tensions and the ongoing of Sino-US conflicts continue to hinder the post-pandemic recovery of Hong Kong. The high interest rates and uncertain economic outlook would exert additional pressures on residential pricing and home sales. In view of such, the Group will stay cautious regarding the sale of the remainder units at ONTOLO in Pak Shek Kok, as well as the presale of the new Ho Man Tin project which is tentatively planned to launch in the first half of 2024. We will stay abreast of the latest market movement and adopt flexible strategies to address any changes. Despite the short-term volatilities, the Group remains cautiously optimistic of the longer-term prospect of the Hong Kong residential market.

It is anticipated that the upside of greater net income growth for our hotel portfolio worldwide would be tampered to some extent as operating expenses have been rising with the escalating labour and staff cost. The Group is rolling out its plan to expand the midscale brand Ying'nFlo into the Greater China region to meet the growing demand.

The performance of Champion REIT would still be impeded by the subdued office market as a result of weakened tenant demand from global and local businesses, in particular Mainland China corporations, and the increasing availability of new office stock in Hong Kong. It is expected that the new and renewal rentals of office space under Champion REIT would be lower than the current passing rental. The lower rentals and increased finance costs would together pose a downside risk to the distribution for 2023 as a whole. Nevertheless, such risk shall be partially mitigated by the improved performance of Langham Place Mall given the rebound of retail spending with the return of travellers after borders reopened, especially from Mainland China.

On the positive side, the recently announced economic stimulus plan of China is expected to help boosting the domestic demand and Hong Kong shall benefit from such. Therefore, there is room for LHI to improve further for the second half of 2023 with the anticipation of receiving more travellers from Mainland China and internationally following the improvement of airline capacity. However, the high labour and energy cost, and the higher finance costs would still weigh on its performance.

With the mixed signals and uncertainties in sight, the Group will continue its prudent practice in its operation and will be more alert to risks, whilst prudently looking for quality opportunities for business growth at the same time. We will closely monitor the market movements for our businesses at home and abroad. Given our strong balance sheet with sound liquidity, we are confident in weathering the prevailing market uncertainties and stay opened for new investment should right opportunities arise.

FINANCIAL REVIEW

DEBT

Based on statutory reporting principles and after consolidating the results of Champion REIT, LHI and the U.S. Fund, the consolidated net debts of the Group as of 30 June 2023 was HK$26,452 million, a decrease of HK$818 million compared to that HK$27,270 million as of 31 December 2022. The decrease in net borrowings was mainly due to a combined effect of continuous improvement in hotel operations, additional loan drawn for development projects and dividend payment during the period.

Equity Attributable to Shareholders, based on a professional valuation of the Group's investment properties as of 30 June 2023 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK$56,945 million, representing an increase of HK$125 million compared to the value of HK$56,820 million as of 31 December 2022. The increase was mainly attributable to the operating profit for the period offset by the valuation loss of investment properties and financial instruments.

Under statutory accounting principles, the entire debts of Champion REIT, LHI and the U.S. Fund were consolidated in aggregate. Based on the consolidated net debts attributable to the Group (i.e. only 68.78%, 69.96% and 49.97% of the net debts of Champion REIT, LHI and the U.S. Fund respectively) and equity attributable to shareholders, the gearing ratio of the Group as at 30 June 2023 was 35.6% (31 December 2022: 36.9%). Since the debts of these three subsidiary groups had no recourse to the Group, we considered it was more meaningful to account for the Group's own net debts instead of attributable consolidated net debts against the Group's sharing of net assets of those subsidiaries, and the resulting net position is illustrated below.

Net debts at 30 June 2023	**On consolidated basis** *HK$ million*	**On core balance sheet basis** *HK$ million*
Great Eagle	**6,566**	**6,566**
Champion REIT	**13,700**	**-**
LHI	**6,070**	**-**
U.S. Fund	**116**	**-**
Net debts	**26,452**	**6,566**

Net debts attributable to Shareholders of the Group	**20,294**	**6,566**
Equity attributable to Shareholders of the Group	**56,945**	**65,119**
Net gearing ratio ^	**35.6%**	**10.1%**

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

Net gearing ratio only took into account cash or cash equivalents. In order to enhance return to shareholders, the Group has been prudently investing in quality short-term bonds that are intended to be held to maturity, principal protected notes with reputable banks and financial institutions as counter-parties and selected quality equities. As at 30 June 2023, the market value of these bonds and notes amounted to HK$302 million and invested securities amounted to HK$1,404 million which included LCID.US shares worth HK$728 million. Should these amounts be taken into account, the consolidated net borrowings and gearing ratio would be reduced to HK$18,588 million and 32.6% respectively. The net debt based on sharing of net assets of Champion REIT, LHI and U.S. Fund would correspondingly decrease to HK$4,860 million and 7.5%.

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

INDEBTEDNESS

Our gross debts (including medium term notes and other borrowings) after consolidating Champion REIT, LHI and the U.S. Fund as of 30 June 2023 amounted to HK$33,551 million (31 December 2022: HK$33,331 million). Bank borrowings amounting to HK14,266 million (31 December 2022: HK$14,068 million) were secured by way of legal charges over a number of the Group's assets and business undertakings.

Outstanding gross debts (1)(2)	Floating rate debts *HK$ million*	Fixed rate debts *HK$ million*	Utilised facilities *HK$ million*
Bank borrowings	**21,633**	**7,647** (4)	**29,280** (3)
Medium term notes	**-**	**4,052**	**4,052** (3)
Other borrowings	**-**	**219**	**219** (3)
Total	**21,633**	**11,918**	**33,551**
%	**64.5%**	**35.5%**	**100%**

(1) All amounts are stated at face value.
(2) All debt facilities were denominated in Hong Kong Dollars except for item (3) below.
(3) Equivalence of HK$5,068 million bank borrowings, HK$2,352 million medium term notes and HK$219 million other borrowings were originally denominated in other currencies.
(4) Included floating rate debts which had been swapped to fixed rate debts. As at 30 June 2023, the Group had outstanding interest rate swap contracts of a notional amount of HK$7,031 million to manage interest rate exposure. The Group also entered into cross currency swaps of a notional amount equivalent to HK$600 million to mitigate exposure to fluctuations in exchange rate and interest rates in Japanese YEN.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 30 June 2023, our cash, bank deposits and undrawn loan facilities amounted to a total of HK15,480 million (31 December 2022: HK$16,341 million). The following is a profile of the maturity of our outstanding gross debts (including medium term notes and other borrowings) as of 30 June 2023:

Within 1 year	59.8%
More than 1 year but not exceeding 2 years	9.5%
More than 2 years but not exceeding 5 years	23.7%
More than 5 years	7.0%

FINANCE COSTS

The net consolidated finance costs during the period was HK$555 million of which HK$84 million was capitalised to property development projects. Overall net interest cover at the reporting date was 3.8 times.

PLEDGE OF ASSETS

At 30 June 2023, properties of the Group with a total book carrying value of approximately HK$24,320 million (31 December 2022: HK$24,296 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

At 30 June 2023, the Group had authorised capital expenditure for investment properties and property, plant and equipment which was not provided for in these consolidated financial statements amounting to HK$7,848 million (31 December 2022: HK$7,980 million) of which HK$630 million (31 December 2022: HK$906 million) has been contracted for.

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

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK37 cents (2022: HK33 cents) per share for the six months ended 30 June 2023 (the "**2023 Interim Dividend**"), which will be payable on 13 October 2023 to the Shareholders whose names appear on the Registers of Members of the Company on Tuesday, 3 October 2023.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Tuesday, 26 September 2023 to Tuesday, 3 October 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the 2023 Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 25 September 2023.

GOVERNANCE AND COMPLIANCE

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board will, from time to time, monitor and review the Company's corporate governance practices in light of regulatory requirements and the needs of the Company to underpin our engrained value of integrity and accountability. Throughout the period under review, the Company has complied with most of the code provisions, and where appropriate, adopted some of the recommended best practices as set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Set out below are details of the deviations from the code provisions:

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

Under the existing Bye-laws, the Executive Chairman and Managing Director of the Company are not subject to retirement by rotation. The same provision is contained in The Great Eagle Holdings Limited Company Act, 1990 of Bermuda. As such, Directors who hold the offices of either the Executive Chairman or the Managing Director of the Company are by statute not required to retire by rotation. After due consideration, in particular of the legal costs and procedures involved, the Board considers that it is not desirable to propose any amendment to The Great Eagle Holdings Limited Company Act, 1990 for the sole purpose of subjecting the Executive Chairman and Managing Director of the Company to retirement by rotation. Dr. Lo Ka Shui is the Executive Chairman and Managing Director of the Company. There is no service contract between the Company and Dr. Lo , and he is not appointed for any specified length, or proposed length, of services with the Company. Notwithstanding that Dr. Lo is not subject to retirement by rotation, he has disclosed his biographical details in accordance with Rule 13.74 of the Listing Rules in the circular to the Shareholders in relation to, among other things, the re-election of retiring Directors, for Shareholders' information.

CG Code Provision C.1.4 requires that all Directors should participate in continuous professional development to develop and refresh their knowledge and skills

Madam Lo To Lee Kwan, a Non-executive Director of the Company, is the co-founder of the Group. She was involved in the early stage of development of the Group. Since she is relatively inactive in the Group's business in recent years, she has not participated in the 2023 Director Development Programme provided by the Company.

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

Dr. Lo Ka Shui is the Chairman of the Board and is holding the office of Managing Director of the Company. While this is a deviation from CG Code Provision C.2.1, dual role leadership has been in practice by the Company for decades and has withstood the test of time. The Board considers this arrangement to be appropriate for the Company as it can preserve the consistent leadership culture of the Company and allows efficient discharge of the executive functions of the chief executive. The Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high caliber individuals including five Independent Non-executive Directors and three Non-executive Directors who offer advices and views from different perspectives. Meanwhile, the day-to-day management and operation of the Group are delegated to divisional management under the leadership and supervision of Dr. Lo in the role of Managing Director, and who is supported by the Executive Directors and senior management.

CG Code Provision E.1.5 requires that details of any remuneration payable to members of senior management should be disclosed by band in annual reports

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

EMPLOYMENT AND LABOUR PRACTICES

Staff costs (including Directors' emoluments) for the six months ended 30 June 2023 amounted to HK$1,388.8 million (2022: HK$1,100.8 million). Salary levels of employees are competitive and discretionary bonuses are granted based on the performance of the Group as well as performance of individual employees. Other employee benefits include educational allowance, insurance, medical scheme and provident fund schemes. Senior employees of the Group (including Executive Directors) are entitled to participate in the Great Eagle Holdings Limited Share Option Scheme. Apart from offering a competitive compensation and benefits package, we provide corporate and vocational training to our colleagues according to the training and development policy of the Group.

There had been no material change to the number of employees and staff composition of the Group for the six months ended 30 June 2023.

COMPLIANCE WITH MODEL CODE

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

Having made specific enquiries, all Directors and relevant employees of the Group have confirmed that they have fully complied with the Code of Conduct for Securities Transactions throughout the six months ended 30 June 2023.

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial statements for the six months ended 30 June 2023 were prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), and have been reviewed by the Audit Committee of the Company, and by Deloitte Touche Tohmatsu, the independent auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

ISSUE OF NEW SHARES

As at 30 June 2023, the total number of issued shares of the Company was 747,723,345. No new share was issued by the Company during the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S SECURITIES

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PUBLIC FLOAT

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

BOARD OF DIRECTORS

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

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

Hong Kong, 25 August 2023

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	NOTES	Six months ended 30 June 2023 HK$'000 (unaudited)	2022 HK$'000 (unaudited)
Revenue	3	**5,082,425**	4,090,986
Cost of goods and services		**(2,723,201)**	(2,359,901)
Operating profit before depreciation		**2,359,224**	1,731,085
Depreciation		**(445,733)**	(446,200)
Operating profit		**1,913,491**	1,284,885
Fair value changes on investment properties		**(421,049)**	(548,930)
Fair value changes on derivative financial instruments		**(138,622)**	286,264
Fair value changes on financial assets at fair value through profit or loss		**10,724**	(83,502)
Other income	5	**117,569**	58,149
Administrative and other expenses		**(238,028)**	(264,925)
Allowance for credit losses on notes receivables		**-**	(36,441)
Finance costs	6	**(579,745)**	(349,259)
Share of results of joint ventures		**88,073**	40,155
Share of results of associates		**(4,743)**	(7,711)
Profit before tax	7	**747,670**	378,685
Income taxes	8	**(251,794)**	(211,594)
Profit for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT		**495,876**	167,091
Profit for the period attributable to:			
Owners of the Company		**478,666**	123,864
Non-controlling interests		**(3,602)**	25,287
		475,064	149,151
Non-controlling unitholders of Champion REIT		**20,812**	17,940
		495,876	167,091
Earnings per share:	10		
Basic		**HK$0.64**	HK$0.17
Diluted		**HK$0.64**	HK$0.17

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	**495,876**	167,091
Other comprehensive income (expense):		
Items that will not be reclassified to profit or loss:		
Fair value gain (loss) on equity instruments at fair value through other comprehensive income	**15,609**	(2,312,226)
Share of other comprehensive income of an associate	**9,856**	7,829
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(128,453)**	(386,462)
Cash flow hedges:		
Fair value adjustment on cross currency swaps and interest rate swaps designated as cash flow hedges	**(4,017)**	117,648
Reclassification of fair value adjustments to profit or loss	**(15,508)**	(8,236)
Deferred tax related to fair value adjustments recognised in other comprehensive income	**514**	-
Other comprehensive expense for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**(121,999)**	(2,581,447)
Total comprehensive income (expense) for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**373,877**	(2,414,356)
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	**363,723**	(2,481,195)
Non-controlling interests	**(2,169)**	27,014
	361,554	(2,454,181)
Non-controlling unitholders of Champion REIT	**12,323**	39,825
	373,877	(2,414,356)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023

	NOTES	**At 30 June 2023 HK$'000 (unaudited)**	At 31 December 2022 HK$'000 (audited)
Non-current assets			
Investment properties		**68,922,732**	69,349,079
Property, plant and equipment		**19,914,276**	20,379,056
Interests in joint ventures		**278,584**	260,319
Interests in associates		**202,597**	204,018
Equity instruments at fair value through other comprehensive income		**1,880,385**	1,943,495
Notes and loan receivables		**373,500**	432,734
Derivative financial instruments		**42,700**	111,589
		91,614,774	92,680,290
Current assets			
Stock of properties		**11,417,736**	12,068,882
Inventories		**82,686**	127,853
Debtors, deposits and prepayments	11	**831,243**	890,763
Notes and loan receivables		**341,836**	371,341
Financial assets at fair value through profit or loss		**530,455**	539,842
Derivative financial instruments		**137,809**	144,085
Tax recoverable		**709**	2,082
Restricted cash		**56,828**	53,288
Time deposits with original maturity over three months		**100,266**	66,380
Bank balances and cash		**6,941,300**	5,941,727
		20,440,868	20,206,243
Current liabilities			
Creditors, deposits and accruals	12	**5,683,648**	6,719,586
Derivative financial instruments		**129,106**	2,753
Provision for taxation		**346,458**	253,346
Distribution payable		**173,403**	169,665
Borrowings due within one year		**20,013,064**	8,482,640
Medium term notes		**-**	3,017,389
Lease liabilities		**2,428**	5,407
		26,348,107	18,650,786
Net current (liabilities) assets		**(5,907,239)**	1,555,457
Total assets less current liabilities		**85,707,535**	94,235,747

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2023

	At 30 June 2023 HK$'000 (unaudited)	At 31 December 2022 HK$'000 (audited)
Non-current liabilities		
Derivative financial instruments	**38,074**	60,963
Borrowings due after one year	**9,404,004**	17,693,997
Medium term notes	**4,018,589**	4,006,947
Deferred taxation	**1,331,772**	1,286,645
Lease liabilities	**5,447**	6,363
	14,797,886	23,054,915
NET ASSETS	**70,909,649**	71,180,832
Equity attributable to:		
Owners of the Company		
Share capital	**373,862**	373,862
Share premium and reserves	**56,571,033**	56,446,194
	56,944,895	56,820,056
Non-controlling interests	**(637,835)**	(619,872)
	56,307,060	56,200,184
Net assets attributable to non-controlling unitholders of Champion REIT	**14,602,589**	14,980,648
	70,909,649	71,180,832

1. BASIS OF PREPARATION

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

The Directors of the Company review the Group's financial position and are now negotiating with banks to refinance existing loans which are due within one year. The Directors of the Company are of the opinion that, taking into account of the fair value of investment properties and hotel properties available to pledge for new financing if needed, presently available banking facilities and internal financial resources, the Group has sufficient working capital for its present requirements within one year from the end of the reporting period. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

Application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

3. REVENUE

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

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Hotel income	**2,943,290**	1,992,914
Rental income from investment properties	**1,250,275**	1,253,306
Building management service income	**142,615**	142,177
Sales of properties	**586,817**	539,650
Sales of goods	**58,028**	61,759
Dividend income	**18,917**	13,292
Others	**82,483**	87,888
	5,082,425	4,090,986

4. SEGMENT INFORMATION

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

4. SEGMENT INFORMATION - continued

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

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

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

4. SEGMENT INFORMATION - continued

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

Segment revenue and results

Six months ended 30 June 2023

	Hotel operation HK$'000 (unaudited)	Property investment HK$'000 (unaudited)	Property development HK$'000 (unaudited)	Other operations HK$'000 (unaudited)	Sub-total HK$'000 (unaudited)	Champion REIT HK$'000 (unaudited)	Langham HK$'000 (unaudited)	US Real Estate Fund HK$'000 (unaudited)	Eliminations/ reclassifications HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
REVENUE										
External revenue	2,942,323	82,114	586,817	157,443	3,768,697	1,291,398	967	19,378	1,985	5,082,425
Inter-segment revenue	28,091	268	-	171,074	199,433	8,106	270,509	-	(478,048)	-
Total	2,970,414	82,382	586,817	328,517	3,968,130	1,299,504	271,476	19,378	(476,063)	5,082,425

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

	Hotel operation	Property investment	Property development	Other operations	Sub-total	Champion REIT	Langham	US Real Estate Fund	Eliminations/ reclassifications	Consolidated
RESULTS										
Segment results	422,441	54,819	545,394	235,762	1,258,416	876,248	226,434	6,199	(8,073)	2,359,224
Depreciation					(336,854)	-	(113,091)	(179)	4,391	(445,733)
Operating profit after depreciation					921,562	876,248	113,343	6,020	(3,682)	1,913,491
Fair value changes on investment properties					8,180	(428,700)	-	(529)	-	(421,049)
Fair value changes on derivative financial instruments					(123,062)	-	(15,560)	-	-	(138,622)
Fair value changes on financial assets at FVTPL					10,724	-	-	-	-	10,724
Other income					5,630	-	300	3,725	(1,261)	8,394
Administrative and other expenses					(218,538)	(11,771)	(6,855)	(1,969)	1,105	(238,028)
Net finance costs					(105,029)	(261,243)	(105,582)	828	456	(470,570)
Share of results of joint ventures					94,029	(5,956)	-	-	-	88,073
Share of results of associates					(4,743)	-	-	-	-	(4,743)
Profit (loss) before tax					588,753	168,578	(14,354)	8,075	(3,382)	747,670
Income taxes					(141,238)	(101,912)	(9,214)	-	570	(251,794)
Profit (loss) for the period					447,515	66,666	(23,568)	8,075	(2,812)	495,876
Less: Loss (profit) attributable to non-controlling interests/ non-controlling unitholders of Champion REIT					563	(20,812)	7,080	(4,041)	-	(17,210)
Profit (loss) attributable to owners of the Company					448,078	45,854	(16,488)	4,034	(2,812)	478,666

4. SEGMENT INFORMATION - continued

Segment revenue and results - continued

Six months ended 30 June 2022

	Hotel operation HK$'000 (unaudited)	Property investment HK$'000 (unaudited)	Property development HK$'000 (unaudited)	Other operations HK$'000 (unaudited)	Sub-total HK$'000 (unaudited)	Champion REIT HK$'000 (unaudited)	Langham HK$'000 (unaudited)	US Real Estate Fund HK$'000 (unaudited)	Eliminations/ reclassifications HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
REVENUE										
External revenue	1,991,819	73,795	539,650	161,530	2,766,794	1,300,655	1,095	21,033	1,409	4,090,986
Inter-segment revenue	16,462	375	-	169,589	186,426	30,111	202,508	-	(419,045)	-
Total	2,008,281	74,170	539,650	331,119	2,953,220	1,330,766	203,603	21,033	(417,636)	4,090,986

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

	Hotel operation	Property investment	Property development	Other operations	Sub-total	Champion REIT	Langham	US Real Estate Fund	Eliminations/ reclassifications	Consolidated
RESULTS										
Segment results	131,870	48,967	263,445	238,196	682,478	917,667	171,922	9,662	(26,274)	1,755,455
Depreciation					(340,866)	-	(111,136)	(173)	5,975	(446,200)
Operating profit after depreciation					341,612	917,667	60,786	9,489	(20,299)	1,309,255
Fair value changes on investment properties					(13,930)	(535,000)	-	-	-	(548,930)
Fair value changes on derivative financial instruments					207,630	-	78,634	-	-	286,264
Fair value changes on financial assets at FVTPL					(67,535)	(15,967)	-	-	-	(83,502)
Other income					4,253	1,409	282	76	(2,135)	3,885
Administrative and other expenses					(240,219)	(17,251)	(6,047)	(1,843)	435	(264,925)
Allowance for credit losses on notes receivables					(18,000)	(18,441)	-	-	-	(36,441)
Net finance costs					(76,388)	(188,995)	(57,170)	826	2,362	(319,365)
Share of results of joint ventures					1,829	38,326	-	-	-	40,155
Share of results of associates					(7,711)	-	-	-	-	(7,711)
Profit before tax					131,541	181,748	76,485	8,548	(19,637)	378,685
Income taxes					(79,843)	(125,701)	(6,622)	-	572	(211,594)
Profit for the period					51,698	56,047	69,863	8,548	(19,065)	167,091
Less: Loss (profit) attributable to non-controlling interests/ non-controlling unitholders of Champion REIT					278	(17,940)	(21,288)	(4,277)	-	(43,227)
Profit attributable to owners of the Company					51,976	38,107	48,575	4,271	(19,065)	123,864

5. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest income on:		
Bank deposits	**87,093**	11,465
Financial assets at FVTPL	**1,129**	4,786
Notes and loan receivables	**13,249**	11,675
Others	**7,704**	1,968
	109,175	29,894
Bad debt recovery	**79**	-
Government subsidy	**-**	25,207
Sundry income	**8,315**	3,048
	117,569	58,149

6. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings	**558,995**	217,820
Interest on medium term notes	**66,601**	119,942
Interest on lease liabilities	**87**	252
Other borrowing costs	**38,090**	38,086
	663,773	376,100
Less: amount capitalised	**(84,028)**	(26,841)
	579,745	349,259

7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments)	**1,388,750**	1,100,804
Share-based payments (including Directors' emoluments)	**8,995**	10,539
	1,397,745	1,111,343
Depreciation	**445,733**	446,200
Share of tax of associates (included in the share of results of associates)	**98**	43
Share of tax of a joint venture (included in the share of results of joint ventures)	**938**	(831)
Dividend income from		
- financial assets at FVTPL	**(9,156)**	(5,396)
- equity instruments at fair value through other comprehensive income	**(9,761)**	(7,896)
Loss on disposal of property, plant and equipment (included in administrative and other expenses)	**221**	105
Net exchange loss (included in administrative and other expenses)	**2,427**	28,932

8. INCOME TAXES

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
Current period:		
Hong Kong Profits Tax	**172,631**	155,848
Other jurisdictions	**37,108**	17,101
	209,739	172,949
Under (over) provision in prior periods:		
Hong Kong Profits Tax	**356**	2,084
Other jurisdictions	**(3,533)**	1,444
	(3,177)	3,528
	206,562	176,477
Deferred tax:		
Current period	**46,104**	39,021
Over provision in prior periods	**(872)**	(3,904)
	45,232	35,117
	251,794	211,594

9. DIVIDENDS

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends paid:		
Final dividend of HK50 cents in respect of the financial year ended 31 December 2022 (2022: HK50 cents in respect of the financial year ended 31 December 2021) per ordinary share	**373,862**	365,520
Special final dividend of HK50 cents in respect of the financial year ended 31 December 2021 per ordinary share	**-**	365,520
	373,862	731,040
Dividends declared after the end of reporting period:		
Interim dividend of HK37 cents in respect of the six months ended 30 June 2023 (2022: HK33 cents in respect of the six months ended 30 June 2022) per ordinary share	**276,658**	246,749

On 13 June 2023, a final dividend of HK50 cents per ordinary share were paid to shareholders as the final dividend in respect of the financial year ended 31 December 2022.

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

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

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends		
Cash	**373,862**	98,926
Share alternative	**-**	266,594
	373,862	365,520

The Directors have determined that an interim dividend of HK37 cents (2022: HK33 cents) per ordinary share will be paid to the shareholders of the Company, whose names appear in the Register of Members, on 3 October 2023.

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	**478,666**	123,864

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purposes of basic and diluted earnings per share	**747,723,345**	731,869,950

For the period ended 30 June 2023 and 2022, the computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price of the Company's shares.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2023	31 December 2022
	HK$'000	HK$'000
	(unaudited)	(audited)
Trade debtors, net of allowance for doubtful debts	**256,278**	292,416
Deferred lease receivables	**99,309**	98,530
Retention money receivables	**9,866**	8,757
Other receivables, net of credit losses on interest receivables	**168,406**	176,808
Deposits and prepayments	**297,384**	314,252
	831,243	890,763

11. DEBTORS, DEPOSITS AND PREPAYMENTS - continued

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

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
Within 3 months	**218,867**	244,428
More than 3 months but within 6 months	**8,404**	16,026
Over 6 months	**29,007**	31,962
	256,278	292,416

12. CREDITORS, DEPOSITS AND ACCRUALS

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
Trade creditors	**274,837**	323,691
Deposits received	**706,995**	709,993
Customer deposits and other deferred revenue	**534,490**	413,609
Construction fee payable and retention money payable	**202,282**	646,393
Accruals, interest payable and other payables	**3,965,044**	4,625,900
	5,683,648	6,719,586

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

	30 June 2023 HK$'000 (unaudited)	31 December 2022 HK$'000 (audited)
Within 3 months	**263,756**	312,415
More than 3 months but within 6 months	**6,076**	7,668
Over 6 months	**5,005**	3,608
	274,837	323,691