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LANGHAM

HOSPITALITY INVESTMENTS

Langham Hospitality Investments

(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)

and

Langham Hospitality Investments Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1270)

2024 INTERIM RESULTS ANNOUNCEMENT

The boards of directors (the “Boards”) of LHIL Manager Limited (the “Trustee-Manager”, as the trustee-manager of Langham Hospitality Investments (the “Trust”)) and Langham Hospitality Investments Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Trust and of the Company together with the Company’s subsidiaries (the “Trust Group”) for the six-month period ended 30 June 2024 as follows:

FINANCIAL HIGHLIGHTS

(in HK\$ million, unless otherwise specified)	1H 2024	1H 2023	Change
Revenue of hotel portfolio	772.9	720.9	7.2%
Total rental income for the Trust Group after netting service fees	191.1	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”)	4.3	94.3	-95.4%
Distributable income	34.0	136.8	-75.1%
Interim distribution per Share Stapled Unit	-	-	-
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As at	30 Jun 2024	31 Dec 2023	30 Jun 2023
Gross value of hotel portfolio (in HK\$ million)	15,725	15,662	15,265
Net asset value per Share Stapled Unit	HK\$2.75	HK\$2.77	HK\$2.65
Gearing ratio	38.1%	38.3%	40.5%

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

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 revenues 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 deduction of 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.

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 30 June 2024 as compared with 38.3% as at the end of December 2023.

OPERATIONAL REVIEW

As the Hotels of the Trust Group are leased to the 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 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 in 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	<u>0.9</u>	<u>1.0</u>	-10.0%
Total rental income before service fees	229.0	271.5	-15.7%
Service fees expenses	<u>(37.9)</u>	<u>(35.7)</u>	6.2%
Total rental income for the Trust Group	191.1	235.8	-19.0%

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 2026, 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	<u>8.3</u>	<u>7.6</u>	9.2%
Total service fees	37.9	35.7	6.2%

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
Total rental income after service fees	191.1	235.8	-19.0%
Hotel property related expenses	<u>(10.2)</u>	<u>(9.8)</u>	4.1%
Net property income	180.9	226.0	-20.0%

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 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.

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
Breakdown of finance costs			
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	<u>(0.2)</u>	<u>(0.5)</u>	-60.0%
Total finance costs	(162.8)	(109.5)	48.7%

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
Net property income	180.9	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	<u>(162.8)</u>	<u>(109.5)</u>	48.7%
Profit before tax	50.7	650.9	-92.2%
Income tax expense	<u>(7.7)</u>	<u>(19.9)</u>	-61.3%
Profit attributable to Holders of Share Stapled Units	43.0	631.0	-93.2%
Profit attributable to Holders of Shares Stapled Units excluding fair value changes on investment properties, and derivative financial instruments, and change related to settlement arrangement of Hotel Manager’s Fees	4.3	94.3	-95.4%

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
Profit attributable to Holders of Share Stapled Units	43.0	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	<u>(11.6)</u>	<u>(10.8)</u>	7.4%
Distributable income	34.0	136.8	-75.1%

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
Total revenue	261.4	324.8	186.7	772.9

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%
Total revenue	-0.1%	13.9%	7.2%	7.2%

	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
The Langham, Hong Kong	498	498	87.7%	84.5%	1,947	2,044	1,707	1,727
<i>year-on-year growth</i>			<i>+3.2 ppt</i>		<i>-4.7%</i>		<i>-1.2%</i>	
Cordis, Hong Kong	667	667	92.3%	88.4%	1,596	1,468	1,473	1,297
<i>year-on-year growth</i>			<i>+3.9 ppt</i>		<i>+8.7%</i>		<i>+13.6%</i>	
Eaton HK	465	465	88.5%	86.0%	1,093	963	967	828
<i>year-on-year growth</i>			<i>+2.5 ppt</i>		<i>+13.5%</i>		<i>+16.8%</i>	
Hotel Portfolio	1,630	1,630	89.8%	86.5%	1,559	1,496	1,400	1,295
<i>year-on-year growth</i>			<i>+3.3 ppt</i>		<i>+4.2%</i>		<i>+8.1%</i>	

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
High Tariff A	76.0%	73.0%	2,322	2,218	1,765	1,619
<i>year-on-year growth</i>	+3.0 ppt		+4.7%		+9.0%	
High Tariff B	85.0%	83.0%	1,067	1,013	907	841
<i>year-on-year growth</i>	+2.0 ppt		+5.3%		+7.8%	
All Hotels	83.0%	80.0%	1,368	1,299	1,135	1,039
<i>year-on-year growth</i>	+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.

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 are focused 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.

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).

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 the 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.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “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 contained in Appendix C1 to the Listing Rules. 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.

COMPLIANCE WITH THE MODEL CODE

The Trustee-Manager and the Company have adopted their 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 C3 to the Listing Rules and the same is updated from time to time in accordance with the Listing Rules requirements.

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

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, none of the Trust, the Trustee-Manager, the Company nor the Company’s subsidiaries had bought back, sold or redeemed any Share Stapled Units.

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, 55,432,596 new Share Stapled Units were issued during the reporting period, representing approximately 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 independent Holders of Share Stapled Units	55,432,596
30 June 2024	Total number of issued Share Stapled Units	3,374,301,602

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Trust Group and unaudited condensed financial statements of the Trustee-Manager for the six-month period ended 30 June 2024 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 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.

BOARD OF DIRECTORS

As at the date of this announcement, the Boards comprise: Dr. LO Ka Shui (*Chairman and Non-executive Director*), Mr. Brett Stephen BUTCHER (*Chief Executive Officer and Executive Director*), Professor CHAN Ka Keung, Ceajer*, Professor LIN Syaru, Shirley*, Mr. LO Chun Him, Alexander#, Mr. LO Chun Lai, Andrew# and Mr. WONG Kwai Lam*.

Non-executive Directors

* Independent Non-executive Directors

By Order of the Boards
LHIL Manager Limited
and
Langham Hospitality Investments Limited
LO Ka Shui
Chairman

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

	<u>NOTES</u>	Six months ended 30 June	
		<u>2024</u> HK\$'000 (unaudited)	<u>2023</u> HK\$'000 (unaudited)
Revenue	4	191,166	235,745
Property related expenses		<u>(10,210)</u>	<u>(9,791)</u>
Net property income		180,956	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	6	(14,634)	-
Administrative and other expenses		(8,038)	(6,696)
Finance costs	7	<u>(162,843)</u>	<u>(109,495)</u>
Profit before tax		50,705	650,857
Income tax expense	8	<u>(7,685)</u>	<u>(19,891)</u>
Profit and total comprehensive income for the period attributable to holders of Share Stapled Units	11	<u>43,020</u>	<u>630,966</u>
Earnings per Share Stapled Unit			
Basic and diluted	12	<u>HK1 cent</u>	<u>HK19 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE TRUST AND
OF THE COMPANY
AT 30 JUNE 2024

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

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".

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.

4. REVENUE

	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	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	<u>(37,871)</u>	<u>(35,731)</u>
	190,240	234,778
Rental income from retail shops in Eaton HK	<u>926</u>	<u>967</u>
	<u>191,166</u>	<u>235,745</u>

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.

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”.

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, <u>Hong Kong</u> HK\$'000 (unaudited)	Cordis, <u>Hong Kong</u> HK\$'000 (unaudited)	Eaton <u>HK</u> HK\$'000 (unaudited)	Segment total HK\$'000 (unaudited)	Reconciliation HK'000 (unaudited) (note)	Consolidated HK'000 (unaudited)
Segment revenue	<u>80,786</u>	<u>100,984</u>	<u>47,267</u>	<u>229,037</u>	<u>(37,871)</u>	<u>191,166</u>
Segment results	<u>65,099</u>	<u>79,089</u>	<u>36,768</u>	<u>180,956</u>	<u>-</u>	<u>180,956</u>
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 6)						(14,634)
Administrative and other expenses						(8,038)
Finance costs						<u>(162,843)</u>
Profit before tax						50,705
Income tax expense						<u>(7,685)</u>
Profit for the period attributable to holders of Share Stapled Units						<u>43,020</u>

5. SEGMENT INFORMATION - continued

Segment revenue and results - continued

Six months ended 30 June 2023

	The Langham, <u>Hong Kong</u> HK\$'000 (unaudited)	Cordis, <u>Hong Kong</u> HK\$'000 (unaudited)	Eaton <u>HK</u> HK\$'000 (unaudited)	Segment <u>total</u> HK\$'000 (unaudited)	<u>Reconciliation</u> HK'000 (unaudited) (note)	<u>Consolidated</u> HK'000 (unaudited)
Segment revenue	<u>103,617</u>	<u>109,832</u>	<u>58,027</u>	<u>271,476</u>	<u>(35,731)</u>	<u>235,745</u>
Segment results	<u>87,455</u>	<u>90,310</u>	<u>48,189</u>	<u>225,954</u>	<u>-</u>	<u>225,954</u>
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						-
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						<u>630,966</u>

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.

6. CHANGE RELATED TO SETTLEMENT ARRANGEMENT OF HOTEL MANAGEMENT FEES AND LICENCE FEE

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, the 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.

7. FINANCE COSTS

	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	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
	<u>162,843</u>	<u>109,495</u>

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	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)
	<u>7,685</u>	<u>19,891</u>

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

9. 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	
	<u>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period attributable to holders of Share Stapled Units	43,020	630,966
Adjustments:		
Depreciation	559	559
Deferred tax	6,439	19,013
Loan extension/front-end fee amortisation	4,685	5,625
Hotel management fees and licence fee payable in form of Share Stapled Units	29,563	28,091
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 (note 6)	14,634	-
Reserve for furniture, fixtures and equipment	<u>(11,593)</u>	<u>(10,813)</u>
Total distributable income	<u>34,022</u>	<u>136,792</u>

10. DISTRIBUTION STATEMENT

	<u>NOTE</u>	Six months ended 30 June <u>2024</u> HK\$'000 (unaudited)	Six months ended 30 June <u>2023</u> HK\$'000 (unaudited)
<u>Interim distribution period (note a)</u>			
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)	9	34,022	136,792
Percentage of distributable income for distribution (note b)		-	-
Distributable income for interim distribution period		-	-
Interim distribution		-	-
<u>Final distribution period (note a)</u>			
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
Distribution per Share Stapled Unit			
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

10. 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.

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

	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	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	<u>(1,500)</u>	<u>(3,913)</u>

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.

12. 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	
	<u>2024</u>	<u>2023</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit		
Profit for the period for the purposes of basic and diluted earnings per Share Stapled Unit	<u>43,020</u>	<u>630,966</u>
	Six months ended 30 June	
	<u>2024</u>	<u>2023</u>
	'000	'000
	(unaudited)	(unaudited)
Number of Share Stapled Units		
Weighted average number of Share Stapled Units for the purposes of basic and diluted earnings per Share Stapled Unit	<u>3,361,407</u>	<u>3,297,685</u>

13. DEBTORS, DEPOSITS AND PREPAYMENTS

	At 30 June <u>2024</u> HK\$'000 (unaudited)	At 31 December <u>2023</u> 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	<u>6,277</u>	<u>9,413</u>
	20,558	49,592
Less: deposits paid to contractors for hotel renovation classified as non-current assets	<u>(5,507)</u>	<u>(5,874)</u>
Debtors, deposits and prepayments classified as current assets	<u><u>15,051</u></u>	<u><u>43,718</u></u>

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

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.

14. CREDITORS, DEPOSITS AND ACCRUALS

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

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

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).

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF
 LHIL MANAGER LIMITED
 FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

CONDENSED STATEMENT OF FINANCIAL POSITION OF LHIL MANAGER LIMITED
AT 30 JUNE 2024

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

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.

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.

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

2.1 Basis of preparation of condensed financial statements - continued

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.

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.