

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

# 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)

## **2021 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”) 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 2021 as follows:

### **FINANCIAL HIGHLIGHTS**

(in HK\$ million, unless otherwise specified)	1H2021	1H2020	Change
Revenue of hotel portfolio	287.5	259.7	10.7%
Total Rental Income for the Trust Group	103.7	104.9	-1.1%
Profit/(loss) attributable to Holders of Share Stapled Units excluding Fair Value change on Investment Properties and Derivative Financial Instruments	19.9	(13.2)	250.8%
Distributable Income	36.0	0.0 <sup>1</sup>	n.m.
Distributions per Share Stapled Unit	-	-	
<b>As at</b>	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
Gross Value of Hotel Portfolio (in HK\$ million)	14,270	14,802	15,527
Net Asset Value per Share Stapled Unit	HK\$2.36 <sup>2</sup>	HK\$2.52 <sup>2</sup>	HK\$3.68
Gearing Ratio	44.1%	42.6%	46.2%

<sup>1</sup> Distributable income came to HK\$36,000 for the first half of 2020.

<sup>2</sup> Number of Share Stapled Units increased by 1,072.7 million to 3,225.2 million after the rights offering in September 2020 and then further increased by 7.3 million to 3,232.5 million after the payment of hotel management fees and licence fee in form of Share Stapled Unit.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

The ongoing pandemic coupled with travel restrictions across Hong Kong's key arrival markets, and the imposition of extended mandatory quarantine requirements since January 2021 have placed pressure on demand for hotel rooms. However, compared with the same period last year, when lockdowns measures globally were at their maximum, our hotels have delivered higher occupancies, especially in recent months and given the very low occupancy base last year.

Higher occupancy rates have resulted in a 6.4% increase in Revenue Per Available Room ("RevPAR") for our hotels for the first half of 2021. RevPAR comparisons for our hotels with the hotels of Hong Kong Hotels Association ("HKHA") are not meaningful this year, given that the quarantine hotels business is artificially inflated.

On the other hand, all our hotels witnessed a decent recovery in Food and Beverage ("F&B") business. Improvements were due to partial and on going relaxation of government-imposed social distancing measures, as well as a return in demand for dining out from domestic patrons, especially during festivals. Revenue from F&B business rose by 20.9% year-on-year for the first half of 2021.

Total revenue from hotels, rose by 10.7% year-on-year during the first half of 2021. The portfolio generated an aggregate gross operating loss amounting to HK\$18.2 million during the period, compared with an aggregate gross operating loss of HK\$38.6 million during the same period last year.

While we continued to receive fixed rental income from the Master Lessee amounting to HK\$111.6 million in the first half of the year, there was no variable rental income since the hotel portfolio had reported a loss for the period. Given the reduction in property taxes, property related expenses declined by 26.8% during the first half period, resulting in a 3.2% overall increase in the Trust Group's net property income, amounting to HK\$92.5 million in the first half of 2021.

During the first half of 2021, finance costs dropped by 35.2% to HK\$60.0 million as interest rate declined, as well as a reduction in loan due to partial loan prepayment in late 2020. There was also a gain in fair value of derivative financial instruments amounting to HK\$24.3 million booked during the reporting period. Nonetheless, there was a HK\$553.7 million fall in the fair value of investment properties (hotel portfolio), resulting in a net loss after tax of HK\$509.5 million for the first half of 2021. Net profit, excluding the non-cash fair value change of investment properties and derivative financial instruments was HK\$19.9 million, representing an increase of 250.8% as compared with the same period last year. After adjustment for non-cash items, distributable income came to HK\$36.0 million in the first half of 2021. Given the minimal implied distributable income per share stapled unit, no interim distribution will be declared for the first half of 2021.

Valuation of the hotel portfolio was HK\$14,270.0 million as at the end of June 2021, as compared with HK\$14,802.0 million as at the end of December 2020.

After the completion of a rights issue in the third quarter of 2020 that raised a net proceed of HK\$1,019.1 million, HK\$810.0 million has been utilised for the partial prepayment of outstanding loans in October 2020, HK\$41.0 million was placed in a designated bank account to satisfy the borrowing constraints in October 2020, and the remainder has been set aside for general working capital. After the partial loan prepayment, total outstanding borrowings before accounting for the loan front-end fee was HK\$6,417.0 million as at the end of June 2021, which implied a gearing ratio of 44.1%. As at 30 June 2021, Net Asset Value of the Trust Group amounted to HK\$7,629.3 million or HK\$2.36 per Share Stapled Unit.

## 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 70% of the Hotels’ aggregate gross operating profit before deduction of the global marketing fees. In addition to the fixed rental income 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.

As the Hotels reported an aggregate gross operating loss for the six months ended 30 June 2021, there was no variable rental income received from the Master Lessee. However, the Trust Group continued to receive a fixed rental income of HK\$111.6 million for the first half of 2021 and there was a modest HK\$1.0 million in rental income from the shops. Total rental income received by the Trust Group before service fees was HK\$112.6 million for the reporting period, representing a year-on-year decline of 0.3%. After netting off HK\$8.9 million in service fees incurred for the first half-period, total rental income was HK\$103.7 million, representing a year-on-year decline of 1.1%.

(in HK\$ million)	1H 2021	1H 2020	Change
Variable rental income	-	-	-
Fixed rental income	111.6	111.9	-0.3%
Rental income from retail shops	<u>1.0</u>	<u>1.0</u>	-
Total rental income before service fees	112.6	112.9	-0.3%
Total service fees	<u>(8.9)</u>	<u>(8.0)</u>	11.3%
<b>Total rental income to the Trust Group</b>	<b>103.7</b>	<b>104.9</b>	<b>-1.1%</b>

Total service fees comprise: i) hotel management fees, ii) licence fee and iii) global marketing fee paid to the hotel management company. Hotel management fees comprise a base management fee, which is calculated at 1.5% of total hotel revenue, and an incentive fee on 5.0% of adjusted gross operating profit of the relevant hotels. Licence fee is calculated based on 1.0% of total revenue of the relevant hotels, and global marketing fee is calculated at 2.0% of total room revenue of the relevant hotels. It should be noted that when calculating distributable income, global marketing fee is paid in cash. As for hotel management fees and licence fee, the Hotel Manager can elect to be paid in the form of Share Stapled Units, cash or a combination of both. For the first six months of 2021, the Hotel Manager has elected to be paid wholly in the form of Share Stapled Unit for the payment of hotel management fees and licence fee.

In the first half of 2021, hotel management fees increased by 12.2% to HK\$4.6 million, global marketing fee increased by 7.7% to HK\$1.4 million and licence fee increased by 11.5% to HK\$2.9 million. Total service fees payable to the hotel management company increased by 11.3% year-on-year to HK\$8.9 million in the first half of 2021.

<b>(in HK\$ million)</b>	<b>1H 2021</b>	<b>1H 2020</b>	<b>Change</b>
Hotel management fees	4.6	4.1	12.2%
Licence fee	2.9	2.6	11.5%
Global marketing fee	<u>1.4</u>	<u>1.3</u>	7.7%
<b>Total service fees</b>	<b>8.9</b>	<b>8.0</b>	<b>11.3%</b>

Property related expenses decreased by 26.8% year-on-year to HK\$11.2 million in the first half of 2021, which was primarily due to lower rateable value of the Hotels which resulted in lower government rates. Overall, net property income of the Trust Group came to HK\$92.5 million in the first half of 2021, representing a year-on-year increase of 3.2%.

<b>(in HK\$ million)</b>	<b>1H 2021</b>	<b>1H 2020</b>	<b>Change</b>
<b>Total rental income to the Trust Group</b>	103.7	104.9	-1.1%
Property related expenses	<u>(11.2)</u>	<u>(15.3)</u>	-26.8%
<b>Net property income</b>	<b>92.5</b>	<b>89.6</b>	<b>3.2%</b>

Finance costs dropped by 35.2% year-on-year to HK\$60.0 million in the first half of 2021. As average HIBOR dropped significantly in the first half of 2021, as well as a decline in outstanding term loans to HK\$5,990.0 million after a HK\$810.0 million loan prepayment in the second half of last year, interest expense on the floating rate loan and other borrowing costs dropped by 62.7% to HK\$30.4 million during the period. However, part of the savings were offset by an increase in net interest expenses incurred on the interest rate swaps in the first half of 2021. Loan front-end fee amortisation, which is a non-cash item, came to HK\$5.6 million for the first half period.

After the expiry of the overlapping interest rate swap contracts during the first half of 2021, total notional amount of interest rate swap contracts reached HK\$3,200.0 million as at the end of June 2021. These hedging arrangements will help mitigate the impact of potential hike in interest rates on the Trust Group's distributable income in the coming years.

<u>(in HK\$ million)</u>	<u>1H 2021</u>	<u>1H 2020</u>	<u>Change</u>
<b>Breakdown of Finance costs</b>			
Interest expense and other borrowing costs	(30.4)	(81.6)	-62.7%
Loan front-end fee amortisation	(5.6)	(5.6)	-
Net interest expenses on fixed interest rate swaps	<u>(24.0)</u>	<u>(5.4)</u>	344.4%
<b>Total Finance costs</b>	<b>(60.0)</b>	<b>(92.6)</b>	<b>-35.2%</b>

There was a decrease in fair value of investment properties amounting to HK\$553.7 million in the first half period amid the reduction in the Hotels' business as impacted by the COVID-19 pandemic. In addition, there was a gain of HK\$24.3 million due to an increase in market value of derivative financial instruments (interest rate swaps). Net loss after tax was HK\$509.5 million for the first half of 2021. Net profit excluding fair value change of investment properties and derivative financial instruments was HK\$19.9 million, representing an increase of HK\$33.1 million or 250.8% as compared with the same period of the prior year.

(in HK\$ million)	1H 2021	1H 2020	Change
<b>Net property income</b>	92.5	89.6	3.2%
Interest and other income	0.9	0.7	28.6%
Decrease in fair value of investment properties (Hotel portfolio)	(553.7)	(1,941.6)	-71.5%
Increase/(decrease) in fair value change on derivative financial instruments	24.3	(82.3)	129.5%
Finance costs	(60.0)	(92.6)	-35.2%
Trust and other expenses	(7.0)	(6.9)	1.4%
<b>Loss before tax</b>	<b>(503.0)</b>	<b>(2,033.1)</b>	<b>-75.3%</b>
Income tax expense	(6.5)	(4.0)	62.5%
<b>Loss attributable to Holders of Share Stapled Units</b>	<b>(509.5)</b>	<b>(2,037.1)</b>	<b>-75.0%</b>
<b>Profit/(loss) attributable to Holders of Share Stapled Units excluding Fair Value change on Investment Properties and Derivative Financial Instruments</b>	<b>19.9</b>	<b>(13.2)</b>	<b>250.8%</b>

To derive the Trust Group's distributable income, loss attributable to Holders of Share Stapled Units is adjusted for the non-cash items. Items added back to net loss included decrease in fair value of investment properties, decrease in fair value of the derivative financial instruments, hotel management fees and licence fee being paid in Share Stapled Units, loan front-end fee amortisation, deferred tax and depreciation. On the other hand, items deducted from net loss are the cash contribution to furniture, fixtures and equipment reserve and increase in fair value of derivative financial instruments.

For the first half of 2021, there was a distributable income of HK\$36.0 million after adjustment for non-cash items, which implies a minimal distributable income per Share Stapled Unit and therefore, no distribution will be declared for the period.

<u>(in HK\$ million)</u>	<u>1H 2021</u>	<u>1H 2020</u>	<u>Change</u>
<b>Loss attributable to Holders of Share Stapled Units</b>	(509.5)	(2,037.1)	-75.0%
Add:			
Decrease in fair value of investment properties	553.7	1,941.6	-71.5%
Decrease in fair value of derivative financial instruments	-	82.3	n.m.
Hotel management fees and Licence fee paid in Share Stapled Units	7.5	6.7	11.9%
Amortisation of upfront loan fee, a non-cash cost	5.6	5.6	-
Deferred tax	6.3	3.8	65.8%
Depreciation	1.0	1.0	-
Less:			
Reserve for Furniture, fixtures and equipment	(4.3)	(3.9)	10.3%
Increase in fair value on derivative financial instruments	(24.3)	-	n.m.
<b>Distributable income</b>	<b>36.0</b>	<b>0.0*</b>	<b>n.m.</b>

\* Distributable income came to HK\$36,000 for the first half of 2020.

## Hotel Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)	
	1H 2021	1H 2020	1H 2021	1H 2020	1H 2021	1H 2020	1H 2021	1H 2020
The Langham, Hong Kong	498	498	20.6%	14.4%	1,137	1,490	235	214
<i>year-on-year growth</i>			<i>+6.2ppt</i>		<i>-23.7%</i>		<i>+9.8%</i>	
Cordis, Hong Kong	667	667	26.2%	19.5%	1,008	1,293	264	252
<i>year-on-year growth</i>			<i>+6.7ppt</i>		<i>-22.0%</i>		<i>+4.8%</i>	
Eaton HK	465	465	35.9%	30.1%	522	584	188	176
<i>year-on-year growth</i>			<i>+5.8ppt</i>		<i>-10.6%</i>		<i>+6.8%</i>	
Hotel Portfolio	1,630	1,630	27.3%	21.0%	855	1,043	233	219
<i>year-on-year growth</i>			<i>+6.3ppt</i>		<i>-18.0%</i>		<i>+6.4%</i>	

Hong Kong Hotel Markets	Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)		
	1H 2021	1H 2020	1H 2021	1H 2020	1H 2021	1H 2020	
High Tariff A		36.0%	21.0%	1,439	1,706	518	358
<i>year-on-year growth</i>		<i>+15.0ppt</i>		<i>-15.7%</i>		<i>+44.7%</i>	
High Tariff B		55.0%	38.0%	614	609	338	231
<i>year-on-year growth</i>		<i>+17.0ppt</i>		<i>+0.8%</i>		<i>+46.3%</i>	
All Hotels		56.0%	39.0%	837	914	469	356
<i>year-on-year growth</i>		<i>+17.0ppt</i>		<i>-8.4%</i>		<i>+31.7%</i>	

Comparisons for our hotels with the HKHA hotels are not meaningful this year, given that the quarantine hotels business is artificially inflated.



<b>Revenue breakdown (in HK\$ million)</b>	<b>The Langham, Hong Kong</b>	<b>Cordis, Hong Kong</b>	<b>Eaton HK</b>	<b>Total</b>
Rooms	21.1	31.9	15.8	68.8
Food & Beverages	60.1	76.1	64.3	200.5
Others	3.1	6.4	8.7	18.2
<b>Total revenue</b>	<b>84.3</b>	<b>114.4</b>	<b>88.8</b>	<b>287.5</b>

<b>Year-on-year change</b>	<b>The Langham, Hong Kong</b>	<b>Cordis, Hong Kong</b>	<b>Eaton HK</b>	<b>Total</b>
Rooms	9.1%	3.9%	6.1%	6.0%
Food & Beverages	24.7%	16.6%	22.9%	20.9%
Others*	-59.2%	-41.4%	-16.3%	-37.1%
<b>Total revenue</b>	<b>12.2%</b>	<b>7.0%</b>	<b>14.5%</b>	<b>10.7%</b>

\* Last year's figures included Employment Support Scheme and other government subsidies due to COVID-19.

### ***Performance of the individual hotels***

**The Langham, Hong Kong**, witnessed continued pressure on demand for rooms as quarantine restrictions on inbound travelers remained throughout the first half 2021. Amid the continued weak demand from the traditional segments during the first half of 2021, the Hotel Manager targeted the local staycation market and there was an improvement in occupancy, which came to 20.6% in the first half of 2021, while average room rate dropped by 23.7%.

F&B revenue for the hotel increased by 24.7% year-on-year in the first half of 2021. The increase was due to improved revenue across our restaurants as government restrictions eased. Noted that The Food Gallery was closed for three months at the beginning of the COVID-19 lockdown during the first half of 2020.

**Cordis, Hong Kong**, also witnessed minimal demand from international arrivals following the travel restrictions and quarantined measures. As the hotel focused on the local staycation market and long stay market, the hotel managed to improve its occupancy to 26.2% for the first half of 2021, compared with a 19.5% occupancy achieved in the same period last year. However, average room rate dropped by 22.0% in the first half of 2021.

Revenue from F&B increased by 16.6% year-on-year in the first half of 2021. All the restaurants have witnessed an improvement in business as government restrictions eased.

**Eaton HK** managed to deliver a 35.9% occupancy for the first half of 2021, as it captured a larger local staycation market with its more accommodative pricing. Although demand remained weak from other segments and Eaton HK's average room rate dropped by 10.6% year-on-year in the first half of 2021.

Revenue from F&B at Eaton HK increased by 22.9% year-on-year in first half of 2021. The growth was particularly strong at The Astor buffet restaurant. All the restaurants continue to build strong reputation after the renovation.

## **OUTLOOK**

There are still many uncertainties ahead, especially regarding the possibility of another large-scale outbreak and the evolution of new virus variants. Vaccination rates around the world should be the key to controlling the virus although we are still many months from reaching sufficient levels to see travel restrictions meaningfully change. Hopefully, at some point, travel restrictions can be lifted and travel demand can return and lift our hotel business although we do not expect our hotel business to recover significantly during the remainder of the year.

The Hong Kong government has been very supportive during these difficult times. We are hopeful that the border restrictions can be lifted in 2022. Even though the plan to launch quarantine-free travel between Hong Kong and Singapore was postponed several times in the first half of 2021 due to a resurgence in infections, the plan has not been abandoned and will be launched as soon as conditions allow. Meanwhile, the government rolled out consumption vouchers this month, and these will benefit the domestic consumption market. We will continue to focus on business targeted at local residents, and so far, we are seeing a pick up in both staycations and F&B businesses.

In addition to affecting our hotel business in the short term, we also expect the pandemic to have long-term implications as companies and individuals reassess the way they work and live. We believe this still holds true given the extended lockdown has led to some short-term working arrangements, such as video conferencing, becoming longer-term, day-to-day business practices. Therefore, we must stay flexible and be ready to respond to changes in underlying market demand. In the near term, we will continue to navigate through these difficulties and scale our business appropriately based on the circumstances, with an eye to ensuring costs are balanced and flexible. Overall, we are hopeful that the travel and tourism business will recover eventually.

## FINANCIAL REVIEW

### *Distributions*

Distributable income of the Trust Group for 2021 interim period was HK\$35,980,000 (2020 interim period: HK\$36,000). It is the present policy of the Trust Group to distribute not less than 90% of total distributable income to its Holders of Share Stapled Units.

The continuing impact on the operating performance of the Trust Group's hotels amid the COVID-19 pandemic has led to an aggregate gross operating loss of the Hotels before deduction of the global marketing fee and in turn zero variable rental receivable by the Trust Group. In view of this situation, on top of negligible distributable income per Share Stapled Unit, the Board decided not to distribute any of the total distributable income for the six months ended 30 June 2021.

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

Net Assets Attributable to Holders of Share Stapled Units was HK\$7,629.3 million or HK\$2.36 per Share Stapled Unit as at 30 June 2021 (31 December 2020: HK\$8,129.6 million or HK\$2.52 per Share Stapled Unit) which represents a 140.8% premium to the closing Share Stapled Unit price of HK\$0.98 as at 30 June 2021.

### *Debt Profile*

Total outstanding borrowings, before accounting for the loan front-end fee, of the Trust Group as at 30 June 2021 were HK\$6,417.0 million (31 December 2020: HK\$6,417.0 million). The secured term loans of HK\$5,990.0 million (31 December 2020: HK\$5,990.0 million) were on a floating-rate interest basis and repayable in full in December 2023. The secured revolving loans of HK\$427.0 million (31 December 2020: HK\$427.0 million) were revolving on a monthly basis until December 2023.

In order to mitigate the interest rate exposure, the Trust Group entered into several three-year to four-year interest rate swap contracts totaling HK\$6,700.0 million during 2016 to 2020. Upon the expiry of a HK\$1,000.0 million interest rate swap contract in November 2020 and the expiry of five interest rate swap contracts totaling HK\$2,500.0 million in the first half of 2021, HK\$3,200.0 million (31 December 2020: 5,700.0 million) out of the total outstanding bank loan, before accounting for the loan front-end fee, of HK\$6,417.0 million (31 December 2020: HK\$6,417.0 million) or 49.9% (31 December 2020: 88.8%) was fixed at a weighted average swap rate of 1.31% p.a. (31 December 2020: 1.49% p.a.).

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.

As at 30 June 2021, total gross assets of the Trust Group were HK\$14,561.6 million (31 December 2020: HK\$15,079.6 million). Gearing ratio, calculated as total outstanding borrowings as a percentage of total gross assets, was 44.1% (31 December 2020: 42.6%).

### ***Cash Position***

As at 30 June 2021, excluding the restricted bank balance of HK\$41.0 million (31 December 2020: HK\$41.0 million) that placed in a bank as additional security deposit in according to the mitigation mechanism of the loan facilities agreement, the Trust Group had a cash balance of HK\$241.2 million (31 December 2020: HK\$217.6 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\$273.0 million as of 30 June 2021 (31 December 2020: HK\$273.0 million).

### ***Pledge of Assets***

As at 30 June 2021, restricted bank balance and 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 2021, the Trust Group has authorised capital expenditures for investment properties which were not provided for in the condensed consolidated financial statements amounting to HK\$86.5 million (31 December 2020: HK\$2.4 million), of which HK\$37.6 million (31 December 2020: nil) 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, each of 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 2021, the Trust (via the Trustee-Manager) and the Company had complied with all the applicable code provisions, and where appropriate, adopted some of the recommended best practices as set out in the Corporate Governance Code. The requirement to establish a Nomination Committee is not relevant to 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 not relevant to the Trustee-Manager as its Directors are not entitled to any remuneration payable by the Trust or the Trustee-Manager, and the Trustee-Manager does not have any employee.

## 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 10 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 2021.

## 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 2021, 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 2021, the total number of issued Share Stapled Units of the Trust and the Company was 3,232,490,232. As compared with the position of 31 December 2020, 7,323,494 new Share Stapled Units were issued during the reporting period, representing approximately 0.23% of the total number of issued Share Stapled Units as at 30 June 2021.

<b>Date</b>	<b>Particulars</b>	<b>No. of Share Stapled Units</b>
31 December 2020	Total number of issued Share Stapled Units	3,225,166,738
24 February 2021	Issue of new Share Stapled Units at the price of HK\$1.260 per Share Stapled Unit as payment of the Hotel Management Fees and Licence Fees to the Hotel Manager of approximately HK\$9,228,000 for the second half of 2020	7,323,494
<b>30 June 2021</b>	<b>Total number of issued Share Stapled Units</b>	<b>3,232,490,232</b>

## SUFFICIENCY OF PUBLIC FLOAT

As at the date of this announcement, based on information that is publicly available and within the knowledge of the Directors of the Trustee-Manager and the Company, the Trust and the Company maintain a sufficient public float with more than 25% of the issued Share Stapled Units being held by the public.

## 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 2021 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.

## ISSUANCE OF INTERIM REPORT

The 2021 Interim Report will be despatched to Holders of SSUs and published on the Company’s website at [www.langhamhospitality.com](http://www.langhamhospitality.com) and the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk) in September 2021.

## 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, 17 August 2021

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 2021

---

	<u>NOTES</u>	Six months ended 30 June <u>2021</u> HK\$'000 (unaudited)	<u>2020</u> HK\$'000 (unaudited)
Revenue	4	103,662	104,883
Property related expenses		(11,184)	(15,269)
Net property income		92,478	89,614
Other income		912	707
Decrease in fair value of investment properties		(553,741)	(1,941,616)
Increase (decrease) in fair value of derivative financial instruments		24,324	(82,271)
Trust and other expenses		(7,043)	(6,932)
Finance costs	6	(59,975)	(92,592)
Loss before tax		(503,045)	(2,033,090)
Income tax expense	7	(6,465)	(3,986)
<b>Loss and total comprehensive expense for the period attributable to holders of Share Stapled Units</b>	10	(509,510)	(2,037,076)
			(Restated)
<b>Loss per Share Stapled Unit</b>			
Basic and diluted	11	(HK16 cents)	(HK91 cents)

---

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE TRUST  
AND OF THE COMPANY  
AT 30 JUNE 2021

	<u>NOTES</u>	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
<b>Non-current assets</b>			
Property, plant and equipment		2,548	3,484
Investment properties		14,270,000	14,802,000
		<u>14,272,548</u>	<u>14,805,484</u>
<b>Current assets</b>			
Debtors, deposits and prepayments	12	6,766	15,481
Restricted bank balance		41,000	41,000
Bank balances		241,241	217,613
		<u>289,007</u>	<u>274,094</u>
<b>Current liabilities</b>			
Creditors, deposits and accruals	13	31,067	35,643
Derivative financial instruments		11,982	5,010
Secured bank loans due within one year		427,000	427,000
Lease liabilities due within one year		1,902	1,866
Tax payable		41,521	41,412
		<u>513,472</u>	<u>510,931</u>
<b>Net current liabilities</b>		<u>(224,465)</u>	<u>(236,837)</u>
<b>Total assets less current liabilities</b>		<u>14,048,083</u>	<u>14,568,647</u>
<b>Non-current liabilities</b>			
Derivative financial instruments		50,912	82,208
Secured bank loans due after one year		5,962,541	5,956,916
Lease liabilities due after one year		729	1,689
Deferred tax liabilities		404,562	398,237
		<u>6,418,744</u>	<u>6,439,050</u>
<b>NET ASSETS</b>		<u>7,629,339</u>	<u>8,129,597</u>
<b>Capital and reserves</b>			
Issued capital/units		3,233	3,225
Reserves		7,626,106	8,126,372
<b>TOTAL EQUITY</b>		<u>7,629,339</u>	<u>8,129,597</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 are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 May 2013.

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 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 2021 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 2021 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 2021 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 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 Group 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") and 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 and the expected rollover of secured revolving loans amounting to HK\$427,000,000 which are revolving on a monthly basis.

The operating performance of The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK (the "Hotels") has continuously been impacted by the Covid-19 pandemic. While the Groups continue to receive the fixed base rent from the GE (LHIL) Lessee Limited ("Master Lessee"), the weak underlying performance of the Hotels has led to aggregate gross operating loss before deduction of global marketing fee and in turn zero variable rent receivable by the Groups. In addition, there is a negative impact on the valuation of the Groups' investment properties. As such, the condensed consolidated results of operations, cash flows of the Groups and fair value of the investment properties were impacted.

#### **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 changes 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 2021 are the same as those presented in the Groups' annual financial statements for the year ended 31 December 2020.

3. ***BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND PRINCIPAL ACCOUNTING POLICIES*** - continued

**3.2 Principal accounting policies** - continued

***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 annual period beginning on or after 1 January 2021 for the preparation of the Groups' condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19 Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

***Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"***

The amendments provide a practical expedient to account for the changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform by updating the effective interest rate, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

The Groups had certain interest-bearing bank loans denominated in Hong Kong dollars on the Hong Kong Interbank Offered Rate ("HIBOR"). The amendments have had no impact on the condensed consolidated financial statements as none of the above bank loans has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Groups' consolidated financial statements for the year ending 31 December 2021.

The application of the amendments to all other 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>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Rental income from Master Lessee (Note)		
Base rent	111,575	111,885
Service fees expenses	<u>(8,875)</u>	<u>(7,964)</u>
	102,700	103,921
Rental income from retail shops in Eaton HK	<u>962</u>	<u>962</u>
	<u>103,662</u>	<u>104,883</u>

Note: Included in rental income from Master Lessee, service fees income of HK\$8,875,000 (six months ended 30 June 2020: HK\$7,964,000) 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"), 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 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".

### **Segment revenue and results**

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

#### Six months ended 30 June 2021

	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	39,571	48,364	24,602	112,537	(8,875)	103,662
Segment results	33,806	39,085	19,587	92,478	-	92,478
Other income						912
Decrease in fair value of investment properties						(553,741)
Increase in fair value of derivative financial instruments						24,324
Trust and other expenses						(7,043)
Finance costs						(59,975)
Loss before tax						(503,045)
Income tax expense						(6,465)
Loss for the period attributable to holders of Share Stapled Units						(509,510)

5. **SEGMENT INFORMATION** - continued

**Segment revenue and results** - continued

Six months ended 30 June 2020

	The Langham, <u>Hong Kong</u> HK\$'000 (unaudited)	Cordis, <u>Hong Kong</u> HK\$'000 (unaudited)	Eaton HK 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	39,680	48,499	24,668	112,847	(7,964)	104,883
Segment results	32,634	37,522	19,458	89,614	-	89,614
Other income						707
Decrease in fair value of investment properties						(1,941,616)
Decrease in fair value of derivative financial instruments						(82,271)
Trust and other expenses						(6,932)
Finance costs						(92,592)
Loss before tax						(2,033,090)
Income tax expense						(3,986)
Loss for the period attributable to holders of Share Stapled Units						(2,037,076)

Note: Reconciliation represents netting of service fees income of HK\$8,875,000 (six months ended 30 June 2020: HK\$7,964,000) 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\$4,970,000,000, HK\$6,170,000,000 and HK\$3,130,000,000, respectively (31 December 2020: HK\$5,200,000,000, HK\$6,430,000,000 and HK\$3,172,000,000, respectively).

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

6. **FINANCE COSTS**

	Six months ended 30 June	
	<u>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings	29,938	81,163
Net interest on interest rate swaps	24,013	5,367
Loan front-end fee amortisation	5,625	5,624
Interest on lease liabilities	61	78
Other borrowing costs	338	360
	<u>59,975</u>	<u>92,592</u>

7. **INCOME TAX EXPENSE**

	Six months ended 30 June	
	<u>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax:		
Current tax		
- Current period	140	175
Deferred tax		
- Current period	6,324	3,811
- Underprovision in prior year	1	-
	<u>6,465</u>	<u>3,986</u>

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

8. ***TOTAL DISTRIBUTABLE INCOME***

Total distributable income is the loss 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 current interim period are set out below:

	Six months ended 30 June	
	<u>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to holders of Share Stapled Units	(509,510)	(2,037,076)
Adjustments:		
Add:		
Depreciation	936	942
Deferred tax	6,325	3,811
Non-cash finance costs	5,625	5,702
Hotel management fees and licence fee payable in form of Share Stapled Units	7,499	6,665
Decrease in fair value of investment properties	553,741	1,941,616
Decrease in fair value of derivative financial instruments	-	82,271
Less:		
Reserve for furniture, fixtures and equipment	(4,312)	(3,895)
Increase in fair value of derivative financial instruments	(24,324)	-
Total distributable income	<u>35,980</u>	<u>36</u>



9. ***DISTRIBUTION STATEMENT***

	<u>NOTE</u>	Six months ended 30 June	
		<u>2021</u> HK\$'000 (unaudited)	<u>2020</u> HK\$'000 (unaudited)
<u>Interim distribution period (note a)</u>			
Total distributable income in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: in respect of the six months ended 30 June 2020)	8	35,980	36
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 2020 (six months ended 30 June 2020: in respect of the financial year ended 31 December 2019)		5,967	259,064
Less: distributable income paid for interim distribution period		-	(185,798)
Distributable income available for final distribution period		5,967	73,266
Percentage of distributable income for distribution (note b)		-	100%
Distributable income for final distribution period		-	73,266
Final distribution		-	73,266
<b>Distribution per Share Stapled Unit</b>			
Interim distribution per Share Stapled Unit in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: in respect of the six months ended 30 June 2020)		-	-
Final distribution per Share Stapled Unit in respect of the financial year ended 31 December 2020 (six months ended 30 June 2020: in respect of the financial year ended 31 December 2019) (note c)		-	HK3.4 cents

9. ***DISTRIBUTION STATEMENT*** - continued

Notes:

- (a) The interim distribution in 2021 and 2020 are based on total distributable income for the six months ended 30 June 2021 and 2020, respectively.

The final distribution in 2020 and 2019 was based on total distributable income for the year ended 31 December 2020 and 2019, respectively.

- (b) The Trust Deed and the articles of association of the Company state that it is the intention of the Trustee-Manager and the Directors to declare and distribute not less than 90% of the total distributable income in respect of each financial year after the financial year ended 31 December 2015.

It has been decided not to distribute any of the total distributable income for the six months ended 30 June 2021 due to deteriorating business results. Details are set out in note 3.

No distributable income was distributed in respect of the six months ended 30 June 2020 and the financial year ended 31 December 2020.

100% of the total distributable income was distributed in respect of the financial year ended 31 December 2019.

- (c) Final distribution

Final distribution per Share Stapled Unit of HK3.4 cents in respect of the financial year ended 31 December 2019 was calculated based on distributable income available for final distribution period of HK\$73,266,000 and 2,135,606,495 Share Stapled Units as at 31 December 2019. In consideration of 9,881,338 Share Stapled Units issued as payment of hotel management fees and licence fee for the six months ended 31 December 2019 on 26 February 2020, the number of Share Stapled Units entitled for final distribution in 2019 had been adjusted to be 2,145,487,833. Total distribution of HK\$72,946,000 in respect of 2019 final distribution period was paid on 29 May 2020.

10. **LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD ATTRIBUTABLE TO HOLDERS OF SHARE STAPLED UNITS**

	Six months ended 30 June	
	<u>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss and total comprehensive expense for the period has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments)	2,681	2,539
Share-based payment expenses (Note)	24	95
Depreciation	936	942
Interest income	(311)	-
	<u>          </u>	<u>          </u>

Note:

The Groups recognised total expenses of HK\$24,000 for six month ended 30 June 2021 (six month ended 30 June 2020: HK\$95,000) in relation to share options granted by the ultimate holding company under its share option scheme.

11. **BASIC AND DILUTED LOSS PER SHARE STAPLED UNIT**

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

	Six months ended 30 June	
	<u>2021</u>	<u>2020</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<b>Loss</b>		
Loss for the period for the purposes of basic and diluted loss per Share Stapled Unit	<u>(509,510)</u>	<u>(2,037,076)</u>
	Six months ended 30 June	
	<u>2021</u>	<u>2020</u>
	'000	'000
	(unaudited)	(Restated) (unaudited)
<b>Number of Share Stapled Units</b>		
Weighted average number of Share Stapled Units for the purposes of basic and diluted loss per Share Stapled Unit	<u>3,234,131</u>	<u>2,228,240</u>

The weighted average number of Share Stapled Units for the purpose of basic and diluted loss per Share Stapled Unit have been adjusted to reflect the effect upon the completion of the rights issue on 14 September 2020. The loss per Share Stapled Unit for the six months ended 30 June 2020 was restated by adjusting the weighted average number of Share Stapled Unit in issue for the bonus element due to the rights issue.

12. **DEBTORS, DEPOSITS AND PREPAYMENTS**

	At 30 June <u>2021</u> HK\$'000 (unaudited)	At 31 December <u>2020</u> HK\$'000 (audited)
Lease receivable	77	-
Deferred rent receivable	111	152
Other receivables	62	675
Deposits and prepayments	<u>6,516</u>	<u>14,654</u>
	<u>6,766</u>	<u>15,481</u>

Lease receivable is payable on the presentation of invoices.

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

	At 30 June <u>2021</u> HK\$'000 (unaudited)	At 31 December <u>2020</u> HK\$'000 (audited)
Within 3 months	<u>77</u>	<u>-</u>

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

13. **CREDITORS, DEPOSITS AND ACCRUALS**

	At 30 June <u>2021</u> HK\$'000 (unaudited)	At 31 December <u>2020</u> HK\$'000 (audited)
Trade creditors	15,492	17,481
Deposits received	758	654
Construction fee payables	3,987	3,761
Accruals and other payables	10,830	13,747
	<u>31,067</u>	<u>35,643</u>

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

	At 30 June <u>2021</u> HK\$'000 (unaudited)	At 31 December <u>2020</u> HK\$'000 (audited)
Within 3 months	12,590	6,044
More than 3 months and within 6 months	2,902	3,744
More than 6 months and within 12 months	-	7,693
	<u>15,492</u>	<u>17,481</u>

Trade creditors are amounts due to fellow subsidiaries of HK\$15,492,000 (31 December 2020: HK\$17,481,000) which are unsecured, interest-free and payable on presentation of invoices.

At 30 June 2021, included in construction fee payable are project management services fee due to fellow subsidiaries of HK\$443,000 (31 December 2020: nil). They are unsecured, interest-free and payable on presentation of invoices.

At 30 June 2021, included in accruals and other payables are amounts due to fellow subsidiaries of HK\$117,000 (31 December 2020: HK\$357,000) which are unsecured, interest-free and payable on presentation of invoices.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
 OF LHIL MANAGER LIMITED  
 FOR THE SIX MONTHS ENDED 30 JUNE 2021

---

	<u>NOTE</u>	Six months ended 30 June	
		<u>2021</u>	<u>2020</u>
		HK\$	HK\$
		(unaudited)	(unaudited)
Revenue		-	-
Administrative expenses		(11,562)	(10,357)
Less: Amount borne by a fellow subsidiary		11,562	10,357
		<hr/>	<hr/>
<b>Profit or loss before tax</b>		-	-
Income tax	3	-	-
		<hr/>	<hr/>
<b>Profit or loss and other comprehensive income/expense for the period</b>		-	-
		<hr/> <hr/>	<hr/> <hr/>

---

CONDENSED STATEMENT OF FINANCIAL POSITION OF LHIL MANAGER LIMITED  
AT 30 JUNE 2021

---

	At 30 June <u>2021</u> HK\$ (unaudited)	At 31 December <u>2020</u> HK\$ (audited)
<b>Current asset</b>		
Cash on hand	<u>1</u>	<u>1</u>
<b>NET ASSET</b>	<u><u>1</u></u>	<u><u>1</u></u>
<b>Capital</b>		
Share capital	<u>1</u>	<u>1</u>
<b>TOTAL EQUITY</b>	<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 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 and as amended by a first supplemental deed dated 22 April 2016 (collectively, 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.

The financial information relating to the year ended 31 December 2020 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:



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

**2.1 Basis of preparation of condensed financial statements** - continued

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 2021 are the same as those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020.

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 effect 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.