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

(Stock Code: 41)

2020 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors of Great Eagle Holdings Limited (the "**Company**") announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2020 as follows:

	Six months ended 30 June		
	2020 *HK$ million*	**2019** *HK$ million*	**Change**
Key Financials on Income Statement			
Based on core business [1]			
Revenue based on core business	**1,666.3**	**3,211.7**	**- 48.1%**
Core profit after tax attributable to equity holders	**88.8**	**820.5**	**- 89.2%**
Core profit after tax attributable to equity holders (per share)	**HK$ 0.12**	**HK$ 1.17**	
Based on statutory accounting principles [2]			
Revenue based on statutory accounting principles	**2,724.4**	**4,967.2**	**- 45.2%**
Statutory (loss) / profit attributable to equity holders	**(6,512.8)**	**2,159.2**	**n.m.**
Interim dividend (per share)	**HK$ 0.33**	**HK$ 0.33**	
Special interim dividend (per share)	**HK$ 1.50**	**-**	

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

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

	As at the end of	
	June 2020	**December 2019**
Key Financials on Balance Sheet		
Based on share of Net Assets of Champion REIT, LHI and the U.S. Fund (core balance sheet) [1]		
Net gearing	Net cash	0.4%
Book value (per share)	HK$95.9	HK$109.3
Based on statutory accounting principles [2]		
Net gearing [3]	20.1%	19.6%
Book value (per share)	HK$85.8	HK$97.3

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

[2] As for the Group's balance sheet prepared under the statutory accounting principles, the entire debts of Champion REIT, LHI and the U.S. Fund were consolidated in aggregate. However, the Group only owns a 66.61%, 63.61% and 49.97% equity stake of Champion REIT, LHI and the U.S. Fund respectively as at the end of June 2020.

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

Core Profit - Financial Figures based on core business

	Six months ended 30 June		
	2020 *HK$ million*	2019 *HK$ million*	Change
Revenue from core business			
Hotels Division	734.2	2,023.4	- 63.7%
Gross rental income	96.7	112.0	- 13.7%
Management fee income from Champion REIT	191.4	220.6	- 13.2%
Distribution income from Champion REIT ^	482.1	516.9	- 6.7%
Distribution income from LHI ^	-	116.6	n.m.
Other operations	161.9	222.2	- 27.1%
Total revenue	**1,666.3**	**3,211.7**	**- 48.1%**
Hotel EBITDA	(357.2)	304.4	n.m.
Net rental income	70.9	87.1	- 18.6%
Management fee income from Champion REIT	191.4	220.6	- 13.2%
Distribution income from Champion REIT ^	482.1	516.9	- 6.7%
Distribution income from LHI ^	-	116.6	n.m.
Operating income from other operations	52.2	72.4	- 27.9%
Operating income from core business	**439.4**	**1,318.0**	**- 66.7%**
Depreciation	(188.2)	(145.8)	29.1%
Administrative and other expenses	(279.2)	(279.8)	- 0.2%
Other income	9.3	4.5	106.7%
Interest income	100.2	81.3	23.2%
Finance costs	(77.8)	(86.5)	- 10.1%
Share of results of joint ventures	13.9	(17.0)	n.m.
Share of results of associates	4.3	0.4	n.m.
Core profit before tax	**21.9**	**875.1**	**- 97.5%**
Income taxes	67.8	(53.7)	n.m.
Core profit after tax	**89.7**	**821.4**	**- 89.1%**
Non-controlling interest	(0.9)	(0.9)	-
Core profit attributable to equity holders	**88.8**	**820.5**	**- 89.2%**

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

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

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

30 June 2020

	Assets	**Liabilities**	**Net Assets**
	HK$ million	***HK$ million***	***HK$ million***
Great Eagle operations	**39,268**	**13,100**	**26,168**
Champion REIT	**51,014**	**13,517**	**37,497**
LHI	**9,953**	**4,928**	**5,025**
U.S. Fund	**547**	**178**	**369**
	100,782	**31,723**	**69,059**

31 December 2019

	Assets	Liabilities	Net Assets
	HK$ million	*HK$ million*	*HK$ million*
Great Eagle operations	39,391	12,160	27,231
Champion REIT	55,412	11,960	43,452
LHI	11,175	4,836	6,339
U.S. Fund	541	166	375
	106,519	29,122	77,397

Financial Figures based on statutory accounting principles

	Six months ended 30 June		
	2020 *HK$ million*	**2019** *HK$ million*	**Change**
Revenue based on statutory accounting principles			
Hotels Division	979.4	2,833.6	- 65.4%
Gross rental income	96.7	112.0	- 13.7%
Other operations (including management fee income from Champion REIT)	353.4	442.8	- 20.2%
Gross rental income - Champion REIT	1,487.8	1,552.9	- 4.2%
Gross rental income - LHI	104.9	295.5	- 64.5%
Gross revenue - U.S. Fund	49.2	35.2	39.8%
Elimination on intragroup transactions	(347.0)	(574.8)	- 39.6%
Consolidated total revenue	**2,724.4**	**4,697.2**	**- 42.0%**
Hotel EBITDA	(357.2)	304.4	n.m.
Net rental income	70.9	87.1	- 18.6%
Operating income from other operations	243.6	293.0	- 16.9%
Net rental income - Champion REIT	1,051.0	1,111.1	- 5.4%
Net rental income - LHI	89.6	277.3	- 67.7%
Net operating loss - U.S. Fund	(3.2)	(7.3)	- 56.2%
Elimination on intragroup transactions	(40.8)	(22.9)	78.2%
Consolidated operating income	**1,053.9**	**2,042.7**	**- 48.4%**
Depreciation	(409.7)	(385.4)	6.3%
Fair value changes on investment properties	(9,403.1)	2,500.2	n.m.
Fair value changes on derivative financial instruments	(114.8)	(90.8)	26.4%
Fair value changes on financial assets at fair value through profit or loss	(3.4)	27.7	n.m.
Administrative and other expenses	(229.0)	(298.1)	- 23.2%
Other income (including interest income)	130.2	106.2	22.6%
Finance costs	(403.2)	(432.8)	- 6.8%
Share of results of joint ventures	13.9	(17.0)	n.m.
Share of results of associates	4.3	0.4	n.m.
Statutory (loss) / profit before tax	**(9,360.9)**	**3,453.1**	**n.m.**
Income taxes	(61.2)	(223.1)	- 72.6%
Statutory (loss) / profit after tax	**(9,422.1)**	**3,230.0**	**n.m.**
Non-controlling interest	73.9	9.4	n.m.
Non-controlling unitholders of Champion REIT	2,835.4	(1,080.2)	n.m.
Statutory (loss) / profit attributable to equity holders	**(6,512.8)**	**2,159.2**	**n.m.**

OVERVIEW

The Group's core profit fell 89.2% year-on-year to HK$88.8 million (1H 2019: HK$820.5 million) in the first half of 2020, as the COVID-19 pandemic took a toll across our businesses. Our hotel business was especially hard hit and has recorded its worst performance on record in the first half of 2020. The Group's statutory result, which included revaluation deficit of investment properties and fair value changes on financial instruments, came to a loss attributable to equity holders of HK$6,512.8 million (1H 2019: profit of HK$2,159.2 million) in the first half period.

Revenue of our overseas hotels dropped by 63.7% year-on-year to HK$734.2 million (1H 2019: HK$2,023.4 million) in the first half of 2020, its worst-ever decline as a majority of our overseas hotels were forced to close for an extended period during the first six months of 2020. As for the two hotels that remained open throughout the pandemic, their performances were nonetheless heavily impacted by a total collapse in demand due to global travel restrictions and social distancing measures.

Given the record low level of occupancies of our overseas hotels, as well as the shortfall of HK$140.8 million incurred by the Group as the lessee of LHI's hotels, the Hotels Division swang to a loss before interest, taxes and depreciation of HK$357.2 million (1H 2019: EBITDA of HK$304.4 million) in the first half period. The loss has already accounted for HK$60.4 million in various government subsidies received for our overseas hotels during the first half period. The operating loss in the Hotels Division alone has contributed to a year-on-year decline of HK$661.6 million in the Group's core profit in the first half of 2020.

As for distribution income from LHI, given that LHI generated an insignificant amount of distribution income amid the devastated performances of its three hotels in Hong Kong, LHI did not declare a distribution (1H 2019: HK$116.6 million) for the first half of 2020.

Distribution income from Champion REIT dropped by 6.7% year-on-year to HK$482.1 million (1H 2019: HK$516.9 million) for the first half period. Meanwhile, management fee income from Champion REIT fell by 13.2% year-to-year to HK$191.4 million (1H 2019: HK$220.6 million) in the first half period.

Gross rental income of our investment portfolio dropped by 13.7% year-on-year to HK$96.7 million (1H 2019: HK$112.0 million) in the first half of 2020, as our in-house expansion at Great Eagle Centre reduced space available to third parties, whereas demand for our guesthouses was negatively impacted by the pandemic. Net rental income dropped by 18.6% year-on-year to HK$70.9 million (1H 2019: HK$87.1 million) in the first half period.

There was also an across-the-board decline in the Group's other business operations, resulting in a 27.9% year-on-year decline in operating income of the Group's other businesses amounted to HK$52.2 million (1H 2019: HK$72.4 million) for the first half of 2020.

In the first half of 2020, the Group has written-off our non-core residual investment of HK$69.8 million in NeueHouse, a high-end co-working club company based in New York. The COVID-19 pandemic has forced all of its centers to close after lockdown measures were imposed, resulting in serious cash flow crisis. Although NeueHouse managed to source a buyer, the restructuring agreement implied our equity in NeueHouse would be wiped out, and hence, the write-off of our remaining investment in NeueHouse, which was included under "administrative and other expenses".

Net finance income amounted to HK$22.4 million (1H 2019: net finance cost of HK$5.2 million). Share of profits of joint ventures came to HK$13.9 million in the first half period, as a result of the profit contribution from residential sales in the Miami project. A tax credit of HK$67.8 million was booked in the first half period, which was mainly attributable to the recognition of a deferred tax credit associated with the loss of our hotel operation. Profit attributable to equity holders dropped by 89.2% to HK$88.8 million in the first half of 2020 (1H 2019: HK$820.5 million).

For development, the Group continued moving forward in attaining development rights for our projects in San Francisco, Seattle and Toronto. However, the planned development of these projects has been delayed to allow more time for market forces to play out so that we can better reassess the returns of these projects. It is predicted that construction costs should drop in the near future. As for the ongoing renovation works at The Langham, Boston, the completion was originally targeted for the fourth quarter of 2020. However, due to the pandemic, the completion is expected to be delayed to the second quarter of 2021.

For our residential luxury development project “ONTOLO”, pre-sale continued throughout the pandemic and another 32 units were sold in the first half of 2020, which brought accumulated pre-sold units to 443. The accumulated sales will be recognised upon handover of the units targeted for October 2020, as compared with our prior target of July 2020 before the pandemic hit.

Despite the global operating environment being adversely affected, Great Eagle’s financial position remains healthy and cash rich, and the Group is expected to withstand the current crisis without significant stress. However, as our 63.61%-stake owned LHI faced this pandemic crisis with a high gearing ratio and insufficient cash resources, it is urgently in need of raising fund to recapitalise its balance sheet. Otherwise it is expected to breach its financial covenants in the third quarter of 2020. LHI announced the details of a proposed rights issue on 16 July 2020.

As a major shareholder of LHI, the Group will unconditionally subscribe in full for all of its rights entitled under the proposed rights issue to ensure a certain level of fund will be raised for LHI. We expect to invest at least HK$648.0 million and up to HK$944.0 million in subscribing to all of our rights entitled in addition to rights applied under excess applications. The fund raising will strengthen LHI’s financial position and will place it in a better position to weather the COVID-19 pandemic and enable it to benefit from future business recovery when the crisis is over.

BUSINESS REVIEW

Breakdown of Operating Income	**Six months ended 30 June**		
	2020	**2019**	
	HK$ million	***HK$ million***	**Change**
1. Hotels EBITDA	(357.2)	304.4	n.m.
2. Income from Champion REIT	673.5	737.5	- 8.7%
3. Distribution Income from LHI	-	116.6	n.m.
4. Net Rental Income from investment properties	70.9	87.1	- 18.6%
5. Operating Income from other operations	52.2	72.4	- 27.9%
Operating Income from core business	**439.4**	**1,318.0**	**- 66.7%**

1. HOTELS DIVISION

Hotels Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (local currency)		RevPAR (local currency)	
	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019
Europe								
The Langham, London	380	380	29.5%	72.9%	324	356	96	260
North America								
The Langham, Boston#	-	317	-	59.2%	-	233	-	138
The Langham Huntington, Pasadena	379	379	27.1%	68.3%	284	285	77	195
The Langham, Chicago	316	316	26.2%	73.1%	359	383	94	280
The Langham, New York, Fifth Avenue	234	234	27.2%	81.1%	486	523	132	424
Eaton, Washington D.C.	209	209	23.1%	53.3%	203	272	47	145
Chelsea Hotel, Toronto	1,590	1,590	25.7%	75.9%	148	168	38	128
Australia / New Zealand								
The Langham, Melbourne	388	388	35.9%	86.5%	352	311	127	269
The Langham, Sydney	96	96	31.7%	81.5%	495	458	157	373
Cordis, Auckland	374	402	49.4%	85.1%	239	225	118	191
China								
The Langham, Shanghai, Xintiandi	355	356	31.9%	78.9%	1,191	1,614	380	1,273
Cordis, Shanghai, Hongqiao	395	394	20.2%	59.5%	709	921	143	548

Closed for renovation from April 2019

	Six months ended 30 June		
	2020	**2019**	
	HK$ million	***HK$ million***	**Change**
Hotel Revenue			
Europe	**102.1**	281.0	- 63.7%
North America	**355.2**	1,038.1	- 65.8%
Australia / New Zealand	**164.2**	366.1	- 55.1%
China	**83.6**	252.0	- 66.8%
Others (including hotel management fee income)	**29.1**	86.2	- 66.2%
Total Hotel Revenue	**734.2**	2,023.4	- 63.7%
Hotel EBITDA			
Europe	**(15.9)**	56.4	n.m.
North America	**(170.8)**	69.3	n.m.
Australia / New Zealand	**(15.8)**	52.5	n.m.
China	**(17.6)**	73.5	n.m.
Others (including hotel management fee income)	**(137.1)**	52.7	n.m.
Total Hotel EBITDA	**(357.2)**	304.4	n.m.

The performance of our overseas hotels for the first six months of 2020 has been severely impacted by the historically low level of activity due to the COVID-19 pandemic, as governments around the world began to impose social distancing measures and travel restrictions. Most of our overseas hotels suspended their operations from March 2020, while Cordis, Auckland and the Chelsea Hotel, Toronto remained open throughout first six months, demand for these hotels had fallen sharply. To mitigate the substantial downturn in sales, our hotels have implemented some effective cost-saving measures. The hotels will continue to launch additional cost-reducing measures to compensate for government subsidies received for furloughed staff which are expected to be reduced over time.

Total revenue for the Hotels Division dropped by 63.7% year-on-year to HK$734.2 million in the first half of 2020. After accounting for operating loss and rental payment shortfall of HK$140.8 million incurred as the lessee of LHI's hotels, which were included under "Others" breakdown of the Hotels Division's operating results, the Hotels Division incurred a loss before interest, taxes and depreciation of HK$357.2 million in the first half of 2020, as compared with an EBITDA of HK$304.4 million in the same period last year. The loss has factored in HK$60.4 million in government subsidies received.

EUROPE

The Langham, London

The Langham, London witnessed a good growth in RevPAR during the first quarter of 2020 when there was a strong room demand and a double-digit growth in occupancy before the COVID-19 pandemic hit in March 2020, the time when the hotel was forced to suspend its operation amid the government lockdown. The hotel remained closed throughout the second quarter of 2020. In the first half period, government relief subsidy amounting to HK$22.6 million was booked for the hotel.

NORTH AMERICA

The Langham, Boston

The hotel was closed since April 2019 for major renovation works. All 317 guests rooms, the club lounge and public areas are undergoing renovations. As the City of Boston shut down all construction projects from 17 March 2020 to 26 May 2020 due to the COVID-19, the reopening is expected to be delayed to the second quarter of 2021.

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

The Langham, Chicago, The Langham, New York, Fifth Avenue, The Langham Huntington, Pasadena and Eaton, Washington D.C. all have a good start to the year and delivered positive RevPAR growths until March 2020. Since local state governments enforced stay at home orders in March 2020, all four hotels in the U.S. have suspended their operations and have remained closed throughout the second quarter of 2020.

While no government subsidy was booked in the first half of 2020, our qualified hotels in the U.S. have applied for a total of US$9.93 million loan funding under the Paycheck Protection Program ("**PPP**") in the first half of 2020. Up to the end of July 2020, loans of US$5.2 million have been approved. Assuming the entire US$9.93 million PPP loans being approved, we estimated that about US$6.30 million in the PPP loans would be forgiven, which will then be booked as government relief subsidy in our 2020 annual results. In addition, we expect to receive a tax refund of US$9.0 million primarily related to operating loss carryback, which will be recognised over the next three to nine months.

Chelsea Hotel, Toronto

Although the Chelsea hotel remained open throughout the first half period, there was a lack of demand except for some aircrew business. Hence, the hotel witnessed a significant decline in occupancy in the first half period. During the period under review, government relief subsidy amounting to HK$12.6 million was booked for the hotel.

During the first half of 2020, the Group continued to work on the right to redevelop the Chelsea hotel site into a mixed-use project with a 400-key hotel, two residential condominium towers and a small amount of commercial space which would more than double the existing aggregate gross floor area. After securing the Entitlement Rights per our development application in formal written in 2019, the Group submitted a Site Permit application to the City Planning in December 2019 and expected to receive Construction Permit approval in about 18-24 months' time. Our development team continues to assess market forces in order to determine the optimal timing to launch the redevelopment of the Chelsea site. Current phase of the project continues with the minimal impact from COVID-19.

In the interim period, the Group is closely monitoring condominium market trends and condition. We are soliciting proposals from well-established Toronto property developers to explore potential joint-venture options that would reduce our market exposure while leveraging off local market expertise. Meanwhile, the Chelsea hotel operation will continue for at least one to two years more.

AUSTRALIA/NEW ZEALAND

The Langham, Melbourne and The Langham, Sydney

RevPARs of The Langham, Melbourne and The Langham, Sydney were already declining before the COVID-19 pandemic hit. The pandemic exacerbated the declines in RevPARs, as the Australian government placed restrictions on international and domestic flights when the pandemic hit. Hence, The Langham, Melbourne and The Langham, Sydney suspended their operations from April 2020 and remained closed throughout the second quarter of 2020. In the first half period, government relief subsidy amounting to HK$11.6 million was booked for the two hotels in Australia.

Cordis, Auckland
In New Zealand, the government shut its border to tourists. Although Cordis, Auckland remained open throughout the first half of 2020, there was only demand from aircrew business, resulting in significantly lowered occupancy for the hotel in the first half of 2020. In the interim period, government relief subsidy amounting to HK$13.6 million was booked for the hotel.

Construction of an additional 244 rooms on the site, which commenced in March 2019 and was originally targeted for completion in 2021, has now been delayed to 2022 due to the impact of the COVID-19 pandemic.

CHINA
The Langham, Shanghai, Xintiandi and Cordis, Shanghai, Hongqiao
RevPARs for The Langham, Xintiandi and Cordis, Hongqiao were in significant declines in the first quarter of 2020, which reflected the impacts of the COVID-19 pandemic that started spreading as early as January 2020. The Chinese Government imposed lockdowns in some provinces with strict social distancing measures. Hence, The Langham, Xintiandi and Cordis, Hongqiao temporarily closed their food and beverage outlets in February and March 2020.

As restrictions have been lifted with domestic travel resumed in the second quarter of 2020, business in The Langham, Xintiandi and Cordis, Hongqiao was gradually recovering. While room rates remained depressed, occupancy levels in both hotels have started to rebuild throughout the second quarter of 2020 with demand being led by domestic retail segment.

Results of the Hotels Division also included hotel management fee income from pure managed hotels and any surplus or shortfall incurred by the Group as the lessee of LHI's hotels, which are included under the "Others" breakdown of the Hotels Division's operating results. The loss incurred in "Others" in the first half of 2020 was primarily due to the shortfall of HK$140.8 million incurred by the Group as the lessee of LHI's hotels.

Hotel Management Business
As at the end of June 2020, there were nine hotels with approximately 2,800 rooms in our management portfolio. The most recent hotel added to the portfolio was Cordis, Dongqian Lake, Ningbo, which soft opened in May 2019 with 238 rooms.

2. INCOME FROM CHAMPION REIT

The Group's core profit is based on the attributable distribution income and management fee income from Champion REIT in respect of the same financial period. On that basis, total income from Champion REIT in the first half of 2020 dropped by 8.7% to HK$673.5 million.

Distribution income decreased by 6.7% year-on-year to HK$482.1 million, as the REIT declared a 7.7% decline in distribution per unit and our holdings in the REIT has been increased from 66.10% as at the end of June 2019 to 66.61% as at the end of June 2020. Given the decline in the net property income of Champion REIT, together with reduced agency leasing commission income in the first half of 2020, overall management fee income from Champion REIT dropped by 13.2% to HK$191.4 million in the first half of 2020.

	Six months ended 30 June		
	2020	2019	
	HK$ million	*HK$ million*	Change
Attributable distribution income	482.1	516.9	- 6.7 %
Management fee income	191.4	220.6	- 13.2%
Total income from Champion REIT	**673.5**	**737.5**	**- 8.7%**

The following text was extracted from the 2020 interim results announcement of Champion REIT relating to the performance of the REIT's properties.

Three Garden Road
Despite the precarious market environment, rental reversion for Three Garden Road remained positive in the first half of 2020, bolstering rental income to HK$770 million (2019: HK$738 million). Passing rents of the property increased to HK$109.5 per sq. ft. (based on lettable area) as at 30 June 2020, compared with HK$107.8 per sq. ft. as at 31 December 2019. The depressed demand has lengthened the downtime for sourcing replacement tenants for vacant spaces. Occupancy was lowered to 90.2% as at 30 June 2020 from 93.0% as at 31 December 2019. Net property income grew steadily by 3.2% to HK$687 million (2019: HK$666 million).

Langham Place Office Tower
Total rental income of the property increased by 4.8% to HK$194 million (2019: HK$185 million) mainly due to positive rental reversion as some of the leases were signed before the pandemic outbreak. Passing rents edged up moderately to HK$47.1 per sq. ft. (based on gross floor area) as at 30 June 2020 compared with HK$46.5 per sq. ft. as at 31 December 2019. Occupancy remained at a high level of 97.8% as at 30 June 2020. Total net property operating expenses increased by HK$2 million mainly due to increased promotion expenses to help improve the business of the lifestyle tenants. Net property income increased by 4.2% to HK$177 million (2019: HK$170 million).

Langham Place Mall
The Mall remained fully occupied as at 30 June 2020. Total rental income dropped by 20.6% to HK$378 million (2019: HK$477 million). The base rent portion declined 2.7% to HK$347 million (2019: HK$356 million) whereas the turnover rent dropped by a larger extent of 90.2% to HK$9 million (2019: HK$90 million). As a result of lease restructuring and rental concessions, the passing base rents of the Mall decreased to HK$178.9 per sq. ft. (based on lettable floor area) as at 30 June 2020 (HK$190.5 per sq. ft. as at 31 December 2019). Total net property operating expenses decreased slightly by HK$1 million. However, the cost savings cannot compensate the significant drop in rental income, causing the net property income of the Mall to shrink by 22.7% to HK$330 million (2019: HK$427 million).

3. DISTRIBUTION INCOME FROM LHI

Under statutory accounting basis, our investment in LHI is classified as a subsidiary, and its results are consolidated into the Group's statutory income statement. However, as LHI is principally focused on distributions, the Group's core profit will be derived from the attributable distribution income. We believe this will better reflect the financial return and economic interest attributable to our investment in LHI. This entry is also consistent with our practice in accounting for returns from our investment in Champion REIT, which also focuses on distributions.

In the first half of 2020, LHI did not declare a distribution amid the devastated performance of its three hotels in Hong Kong.

	Six months ended 30 June 2020 HK$ million	2019 HK$ million	Change
Attributable distribution income	-	116.6	n.m.

Performances of the Hong Kong hotels below were extracted from the 2020 interim results announcement of LHI relating to the performance of the trust group's properties.

	Average Daily Rooms Available		Occupancy		Average Room Rate (in HK$)		RevPAR (in HK$)	
	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019	1H 2020	1H 2019
The Langham, Hong Kong	498	498	14.4%	90.0%	1,490	2,169	214	1,952
Cordis, Hong Kong	667	667	19.5%	94.4%	1,293	1,737	252	1,640
Eaton HK	465	465	30.1%	86.6%	584	1,063	176	920

The Langham, Hong Kong

The Langham, Hong Kong, witnessed an unprecedented decline in room revenue, as quarantine restrictions on inbound travellers took their toll on demand for hotel rooms. Amid the plunge in demand from the traditional segments during the first half of 2020, the Hotel Manager tried to tap into the local market through promotion of local staycation room packages, as well as long stay packages that were marketed to the family of quarantined travellers. Hence, the hotel managed a 14.4% in occupancy for the first half of 2020, while average room rate dropped by 31.3%. RevPAR dropped by 89.0%, as compared with a 80.4% drop in RevPAR of its respective High Tariff A hotel market.

F&B revenue for the hotel dropped by 58.7% year-on-year in the first half of 2020. The drop in banqueting business was particularly severe as most bookings have been deferred, and the all-day dinning venue, The Food Gallery, was closed for three months at the beginning of the COVID-19 lockdown. The hotel has applied for the Employment Support Scheme and other government subsidies and HK$4.6 million was booked under other revenue in the first half of 2020.

Cordis, Hong Kong

At Cordis, Hong Kong, the hotel had fared slightly better The Langham, Hong Kong as the hotel still had some degree of freight crew staying at the hotel during the first half of 2020, albeit intermittent. However, demand from all other segments have fallen sharply following the travel restrictions and quarantined measures. The hotel also targeted the local staycation market and managed to achieve a 19.5% occupancy in the first half of 2020, whereas average room rate dropped by 25.6% in the first half of 2020. RevPAR dropped by 84.6%, as compared with a 80.4% drop in RevPAR of its respective High Tariff A hotel market.

Revenue from F&B witnessed a decline of 58.4% year-on-year in the first half of 2020. All the restaurants have seen a substantial drop in revenue and most of the banquet bookings originally booked for the first half period have been deferred. The hotel has applied for the Employment Support Scheme and other government subsidies and HK$5.7 million was booked under other revenue in the first half of 2020.

Eaton HK

Eaton HK benefitted from a university student group staying at the hotel during February, but demand remained lackluster after this group's departure. Furthermore, price competition is even more intense for the lower tariff hotels, which are not as well placed to compete in the local staycation market. Hence, Eaton HK's average room rate dropped by 45.1% year-on-year in the first half of 2020, whereas it managed a 30.1% occupancy over the same period. Eaton HK witnessed a RevPAR decline of 80.9%, as compared with a 77.6% drop in RevPAR of its respective High Tariff B hotel market during the first half of 2020.

Revenue from F&B at the Eaton HK only dropped by 17.8% year-on-year in first half of 2020. Particularly Yat Tung Heen continued strong performance after the renovation works despite the imposed government restrictions and generated more covers and revenue ahead of the same period last year. The hotel has applied for the Employment Support Scheme and other government subsidies and HK$4.0 million was booked under other revenue in the first half of 2020.

4. RENTAL INCOME FROM INVESTMENT PROPERTIES

	Six months ended 30 June		
	2020 *HK$ million*	**2019** *HK$ million*	**Change**
Gross rental income			
Great Eagle Centre	61.6	69.2	- 11.0%
Eaton Residence Apartments	19.3	26.8	- 28.0%
Others	15.8	16.0	- 1.3%
	96.7	**112.0**	**- 13.7%**
Net rental income			
Great Eagle Centre	58.4	67.6	- 13.6%
Eaton Residence Apartments	10.5	16.7	- 37.1%
Others	2.0	2.8	- 28.6%
	70.9	**87.1**	**- 18.6%**

Great Eagle Centre

	As at the end of		
	June 2020	**June 2019**	**Change**
Office (on lettable area)			
Occupancy	**100.0%**	**89.6%**	*10.4ppt*
Average passing rent	**HK$69.3**	**HK$69.9**	*- 0.9%*
Retail (on lettable area)			
Occupancy	**95.0%**	**99.4%**	*- 4.4ppt*
Average passing rent	**HK$103.5**	**HK$102.8**	*0.7%*

Although occupancy of office space in Great Eagle Centre appeared to have increased as at the end of June 2020 as compared with that a year ago, the increase was primarily due to a reduction of available lettable area, where the Group took up more space for its in-house expansion. Excluding owner-occupied space, office space leased to third parties, from which rental income is booked, actually dropped as of June 2020 as compared with that a year ago. Meanwhile, given a lack of available space to let, spot rents at the Great Eagle Centre was steady at mid to high- HK$70s per sq. ft. as at the end of June 2020.

Overall gross rental income for the Great Eagle Centre, which included retail rental income and other income, dropped by 11.0% year-on-year to HK$61.6 million in the first half of 2020. Net rental income dropped by 13.6% to HK$58.4 million.

Eaton Residence Apartments

.	Six months ended 30 June		
	2020	**2019**	**Change**
(on gross floor area)			
Occupancy	**66.0%**	79.8%	*- 13.8ppt*
Average net passing rent	**HK$25.0**	HK$33.1	*- 24.5%*

While the Blue Pool Road property managed to sustain occupancy level through extensions from long-stay guests. Both the Wanchai Gap Road and Village Road property witnessed a decrease in demand from the leisure segment amid travel restrictions imposed. This brought down occupancy for the overall portfolio, which dropped from 79.8% in the first half of 2019 to 66.0% in the first half of 2020. Gross rental income dropped by 28.0% year-on-year to HK$19.3 million in the first half of the 2020, and net rental income dropped by 37.1% year-on-year to HK$10.5 million for the first half of 2020.

Blue Pool Road property will be closed for renovation starting from August 2020, and targets for completion next summer 2021.

5. OPERATING INCOME FROM OTHER OPERATIONS

The Group's operating income from other business operations included property management and maintenance income, trading income from our trading and procurement subsidiaries, asset management fee income and dividend income or distribution from securities portfolio or other investments. In the first half of 2020, operating income from other business operations dropped by 27.9% to HK$52.2 million (1H 2019: HK$72.4 million), the decrease was across-the-board and included a loss of HK$3.3 million for our wholly owned flexible workspace business, as the flexible workspace business expanded to new locations last year.

U.S. FUND

As part of the Group's effort to expand our asset-light asset management business, the Group has established a U.S. Real Estate Fund in 2014, which targets at office and residential property investments in the United States. As at the end of June 2020, the Group held 49.97% interest in the U.S. Fund and acts as its asset manager with a 80% stake in the asset management company, and the remaining interest was held by China Orient Asset Management (International) Holding Limited.

While the financials of the U.S. Fund are consolidated into the Group's financial statements under statutory accounting principles, the Group's core profit is based on distribution received from the U.S. Fund, as well as our share of asset management fee income from the U.S. Fund. The Group's core balance sheet is based on our share of net asset in the U.S. Fund. The progress of projects held by the U.S. Fund are as follows:

The Austin, San Francisco
The site, which is located at 1545 Pine Street, San Francisco, was acquired in January 2015. The site is situated in the trendy Polk Street neighbourhood, in proximity to the traditional luxury residential areas of Nob Hill and Pacific Heights, and within easy reach from the burgeoning technology cluster in Mid-Market. The development with gross floor area of approximately 135,000 sq. ft. comprised 100 studio, one- and two-bedroom residences. The project was completed in December 2017 and was highly acclaimed by Wallpaper Magazine as an embodiment of Californian modernism. Out of 100 units, 96 were sold and handed to buyers by the end of June 2020. The profitability of this small project would be minimal.

Cavalleri, Malibu
The acquisition of the residential property with 68 rental apartment units in Malibu, California was completed in September 2015. Malibu is a sought-after high-end coastal residential area in Los Angeles, where regulatory development constraints establish high barriers to entry and currently no similar competing properties are available for sale or under development. The U.S. Fund has successfully repositioned the units to high-end products with renovation works completed in 2018. Since offers received so far for an en-bloc sale of the project did not meet our minimum acceptable price, the U.S. Fund has decided to change its strategy to lease out the units as luxury rental apartments instead. Thus far, 30 leases were signed with another 5 leases under active negotiations. However, this project is expected to be loss-making due to high renovation cost.

DEVELOPMENT PROJECTS

Hong Kong and China

ONTOLO, Pak Shek Kok
In May 2014, the Group successfully won the tender of a 208,820 sq. ft. prime residential site in Pak Shek Kok, Tai Po, Hong Kong. Based on a total permissible gross floor area of 730,870 sq. ft. and HK$2,412 million paid for the site, this translated to a price of HK$3,300 per sq. ft., and it was the lowest price paid on a per sq. ft. basis for a residential site in the vicinity. The site commands spectacularly unobstructed sea views over Tolo Harbour and has been earmarked for a luxury residential development with 723 residential units. The total development cost, including the payment of HK$2,412 million for the site, is expected to be approximately HK$7,000 million.

The project has received its occupation permit in June 2020. Due to the COVID-19 pandemic, the material completion date under the pre-sales permit is revised to October 2020 from July 2020. Therefore, we aim to handover the sold units from October 2020 onward. Accumulated sales have reached 443 units with such sales and profits to be recognised in our income statement upon the handover in the Group’s 2020 annual results.

Dalian Mixed-use Development Project
The project is located on Renmin Road in the East Harbour area of Zhongshan District, the central business district of Dalian, Liaoning Province. It has a total gross floor area of approximately 286,000 sq. m. and comprises 1,200 high-end apartments and a luxury hotel of approximately 360 rooms. The Group had an equity interest in the project, investment in the preferred shares of the project and acted as the project manager. The project has been developed in two phases: Phase I comprises approximately 800 apartments and Phase II comprises the remaining apartments and the hotel.

Phase I development was completed by the end of 2018 with 60% of the apartments sold. Development on Phase II of the development was put on hold, as housing demand remained lacklustre. The Group successfully entered into a sale agreement with a third party in July 2019 in respect of all the remaining unsold units of Phase I together with the site for Phase II of the project. The profit based on payment schedule will come in two stages. Following the booking of first profit amounted to HK$73 million after the first payment was received in the second half of 2019, the remaining profit of approximately HK$180 million was initially expected to be booked upon receipt of residual sales proceeds targeted in July 2020. Since the Group has yet to receive the remaining sales proceeds originally targeted, we do not expect the remaining profit will be recognised in this year’s results. It is uncertain when the final remaining sales proceeds will be received and the Group has initiated legal proceedings to pursue the outstanding proceeds.

Japan

Tokyo Hotel Redevelopment Project

The Group acquired a hotel redevelopment site situated in close proximity to the landmark Roppongi Hills Midtown, Tokyo for JPY22.2 billion in 2016. Subsequently, the Group made follow up acquisition of surrounding small adjoining parcels of land to support the application for an increase in plot ratio of the site. Based on a higher plot ratio, total gross floor area of the expanded site is approximately 379,100 sq. ft.


Artistic rendering only

World renowned architect, Kengo Kuma & Associates has been commissioned to design this 280-key flagship The Langham Hotel. Planning application has been submitted to the local government, and the contractor tender process has commenced in May 2019. However, as preliminary tenders received exceeded the budgeted amount, works are currently being undertaken to reduce construction costs to fall within the budgeted sum. Construction will only commence after resolution of such matter.

United States

San Francisco Hotel Development Project, 1125 Market Street

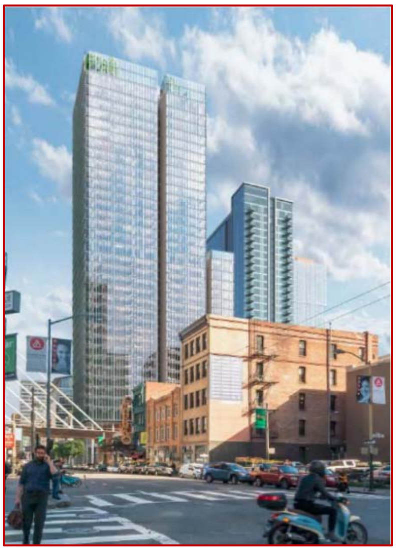
The Group acquired a site in San Francisco for US$19.8 million in May 2015. The land located at 1125 Market Street was the last remaining vacant lot in San Francisco's Mid-Market district and is situated opposite to San Francisco's City Hall.


Artistic rendering only

The site has been earmarked for the development of an "Eaton" hotel. The famous AvroKO group has been commissioned as the interior designer for this iconic Eaton Hotel project. After optimizing the design, the property can achieve a gross floor area of approximately 139,000 sq. ft. with 177-key. The updated design was submitted in August 2018 to the City of San Francisco for planning review and has been well received by the planning department with Entitlement approval expected by the third quarter of 2020. Construction commencement is on hold due to uncertain market conditions and high construction cost in San Francisco.

San Francisco Hotel Redevelopment Projects, 555 Howard Street

555 Howard Street is a redevelopment project located right across the new Transbay Transit Center, the recently launched US$4.5 billion transportation hub, in the heart of The East Cut San Francisco's new central business district in the South of Market (SOMA) area. The Group completed the acquisition of this untitled site with an estimated gross floor area of 430,000 sq. ft. for US$45.6 million in April 2015.


Artistic rendering only

The world renowned international architecture firm Renzo Piano Building Workshop has been commissioned to design this prestigious project in collaboration with the acclaimed California architect Mark Cavagnero Associates. After a change in plan, the revised plan is to build a hotel with 400+ keys. Entitlement for the all hotel scheme was submitted in December 2018. Efforts are underway to expedite revised entitlement approvals by the third quarter of 2020. Nevertheless, construction commencement is on hold due to uncertain market conditions and very high construction cost in San Francisco.

Seattle Development Project, 1931 Second Avenue

The Group acquired a site in downtown Seattle for US$18 million in December 2016. The site is located at one of the highest points of downtown Seattle and near the famous Pike Place market. The site has an area of approximately 19,400 sq. ft. Although the Seattle site has already been approved for the development of a hotel, we are evaluating an opportunity to expand the development's floor area, and incorporate residential component to the project, so as to further enhance the financial attractiveness of the project. We have again brought in world renowned architect, Kengo Kuma & Associates, to design this landmark mixed use development project. Schematic design on the project were completed in the third quarter of 2019. However, reviews of the Master Use Permit application are being delayed at City Hall, due to the large number of development projects in the queue and the current COVID-19 pandemic situation. Entitlement is anticipated by the third quarter of 2021. We are closely monitoring the market price trends of Seattle construction cost and the condominium market.

Europe

Venice Hotel Development Project, Island of Murano

The Group acquired a site on the island of Murano in Venice for EUR32.5 million in December 2019. The project is a combination of restoration to historic structures and new build construction that will consist of 138 keys with a total gross floor area of approximately 170,000 sq. ft. The project utilises an existing building permit with the design to be modified and re-permitted as required to deliver the requirements of the Langham brand.

The design of the hotel is being carried out by world renowned architect Matteo Thun, and is currently in concept design stage. Completion of the project is expected to be no earlier than the third quarter of 2023. Further assessment on return is required due to the COVID-19 pandemic and its long term impact on Italy's tourism market.

Venice, being a world heritage-listed city with its distinctive canal landscape and highly celebrated architects, attracts more than 20 million visitors each year. The completion of this hotel would help to extend our prestigious Langham brand to continental Europe after The Langham, London has solidified its position as one of the most luxurious hotels in the U.K. This investment is part of the Group's strategy to own hotels in strategic gateway cities that will anchor our hotel brand.

OUTLOOK

While all of our hotels have reopened for now, the operating environment remains extremely challenging amid resurgence in COVID-19 infections around the world, with social distancing measures and travel restrictions remain in place in most of our key markets. As the path of the pandemic remains highly uncertain, international travel is particularly vulnerable and we expect that it may take a long time for the global hospitality market to recover. For now, hotels in China is leading the rebound, with occupancy rates of 70% in July 2020, led by strong local leisure demand albeit at much lower room rates. In the interim period, we continue to implement strict cost control measures, whereas the extent and scope of government stimulus in different countries will also affect earnings of our hotels in different countries.

Given our poor outlook for the global hotel and tourism industry, we expect hotels in Hong Kong will be equally affected, which will continue to put pressure on LHI's performance in the second half of 2020.

As for Champion REIT, the REIT is expected to continue to face downside risks in rental income and distribution per unit in the second half of 2020, as a result of the unfavourable outlook for all of its properties in the portfolio.

For property development, we will continue to sell the remaining units at ONTOLO in Pak Shek Kok in the second half of 2020. As transactions in the primary market remain steady thus far, we expect a continued stable sales momentum of ONTOLO in the remainder of 2020. As we begin to recognise development profit of the pre-sold units in the fourth quarter of 2020, it will support the Group's core profit in 2020.

Regarding the booking of the remaining profit from the sale of our investment in the Dalian mixed-use development project, as the remainder of the sales proceeds has yet to be received as initially scheduled in July 2020, we do not expect such profit to be recognised in this year's results. It is uncertain when the final remaining sales proceeds will be received and therefore, the Group has initiated legal proceedings to pursue the outstanding proceeds.

While we remain focused on managing the impacts of the pandemic on our business at the moment, this is taking place amid the backdrop of rising U.S. China geopolitical tensions. Although actual US-China sanctions and policy changes have had limited impact in the economic sphere thus far, if tensions continue to accelerate, this could spill over into greater economic disruption and could also impact our business in Hong Kong, which contributed to over 70% of our core operating profit in 2019. Therefore, we must stay vigilant and be ready to respond to further deterioration in our businesses at home and abroad. Nonetheless, given our strong balance sheet with very liquid cash position due to our prudent financial management, we believe that we are in a relatively good position to ride out the present economic storm and at the same time, we will try to capitalise on opportunities that may arise in this uniquely challenging period.

FINANCIAL REVIEW

DEBT

On statutory reporting basis, after consolidating the results of Champion REIT, LHI and the U.S. Fund, the consolidated net debts of the Group as of 30 June 2020 was HK$19,387 million, a decrease of HK$1,082 million compared to that as of 31 December 2019. The decrease in net borrowings was mainly due to sales deposits from ONTOLO, Pak Shek Kok, offset by partial repayment of the loans drawn for ONTOLO, expenditures for overseas hotel renovation projects and other payments during the period.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 30 June 2020 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK$61,731 million, representing a decrease of HK$7,191 million compared to the value of HK$68,922 million as of 31 December 2019. The decrease was mainly attributable to valuation loss of investment properties and financial instruments, and distribution of dividends during the period.

For statutory accounts reporting purpose, on consolidation the Group is treated to include entire debts of Champion REIT, LHI and the U.S. Fund. Based on the consolidated net debts attributable to the Group (i.e only 66.61%, 63.61% and 49.97% of the net debts of Champion REIT, LHI and the U.S. Fund respectively) and equity attributable to shareholders, the gearing ratio of the Group as at 30 June 2020 was 20.1%. Since the debts of these three subsidiary groups had no recourse to the Group, we considered it was more meaningful to account for the Group's own net debts instead of attributable consolidated net debts against the Group's sharing of net assets of those subsidiaries, and the resulting net position is illustrated below.

Net debt / (Cash) at 30 June 2020	On Consolidated Basis *HK$ million*	On Core Balance Sheet Basis *HK$ million*
Great Eagle	**(941)**	**(941)**
Champion REIT	**13,381**	**-**
LHI	**7,164**	**-**
U.S. Fund	**(217)**	**-**
Net debts	**19,387**	**(941)**

Net debts/ (cash) attributable to Shareholders of the Group	**12,421**	**(941)**
Equity Attributable to Shareholders of the Group	**61,731**	**69,059**
Net Gearing ratio ^	**20.1%**	**net cash**

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

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

INDEBTEDNESS

Our gross debts (including medium term notes) after consolidating Champion REIT, LHI and the U.S. Fund amounted to HK$31,844 million as of 30 June 2020. Bank loans amounted to HK$16,385 million were secured by way of legal charges over certain of the Group's assets and business undertaking.

Outstanding gross debts (1)(2)	Floating rate debts *HK$ million*	Fixed rate debts *HK$ million*	Utilised facilities *HK$ million*
Bank loans	**8,428**	**15,753** (5)	**24,181** (3)
Medium Term Notes	**643**	**7,020** (4)	**7,663**
Total	**9,071**	**22,773**	**31,844**
%	**28.5%**	**71.5%**	**100%**

(1) All amounts are stated at face value.
(2) All debt facilities were denominated in Hong Kong Dollars except for (3) and (4) below.
(3) Equivalence of HK$4,963 million loans were originally denominated in other currencies.
(4) (a) Equivalence of HK$5,320 million were US dollars notes; (b) Included notes of outstanding principal amount of US$386.4 million, fully hedged at an average rate of HK$7.7595 to US$1.00 by way of cross currency swaps.
(5) Included floating rate debts which had been swapped to fixed rate debts. As at 30 June 2020, the Group had outstanding interest rate swap contracts of notional amount of HK$13,970 million to manage interest rate exposure. The Group also entered into cross currency swaps of notional amount equivalent to HK$1,743 million in total to mitigate exposure to fluctuations in exchange rate and interest rate of Japanese YEN.

LIQUIDITY AND DEBT MATURITY PROFILE

As of 30 June 2020, our cash, bank deposits and undrawn loan facilities amounted to a total of HK$16,257 million. The majority of our loan facilities were secured by properties with sufficient value to loan coverage. The following is a profile of the maturity of our outstanding gross debts (including medium term notes) as of 30 June 2020:

Within 1 year	19.2%
More than 1 year but not exceeding 2 years	15.0%
More than 2 years but not exceeding 5 years	56.2%
More than 5 years	9.6%

FINANCE COST

The net consolidated finance cost during the period was HK$314 million of which HK$33 million was capitalised to property development projects. Overall net interest cover at the reporting date was 2.7 times.

PLEDGE OF ASSETS

At 30 June 2020, properties of the Group with a total book carrying value of approximately HK$39,964 million (31 December 2019: HK$41,832 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

COMMITMENTS AND CONTINGENT LIABILITIES

At 30 June 2020, the Group had authorised capital expenditure for investment properties and property, plant and equipment which was not provided for in these condensed consolidated financial statements amounting to HK$9,574 million (31 December 2019: HK$7,841 million) of which HK$1,038 million (31 December 2019: HK$1,467 million) had been contracted for.

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

INTERIM DIVIDEND AND SPECIAL INTERIM DIVIDEND

The Board of Directors of the Company has resolved to declare an interim dividend of HK33 cents (2019: HK33 cents) per share and a special interim dividend of HK$1.50 per share (2019: Nil) for the six months ended 30 June 2020 (collectively, the "**2020 Interim Dividends**"). As the financial position of the Group is strong and a sufficient allocation of cash resources for the Group's upcoming strategic investment plans and financial commitments has been made, the Board considers it appropriate to declare the 2020 Interim Dividends, which will be payable on 15 October 2020 to the Shareholders whose names appear on the Registers of Members of the Company on Tuesday, 6 October 2020.

CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Monday, 28 September 2020 to Tuesday, 6 October 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the 2020 Interim Dividends, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 25 September 2020.

GOVERNANCE AND COMPLIANCE

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

CORPORATE GOVERNANCE POLICIES AND PRACTICES

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

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

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

CG Code Provision A.4.1 requires that non-executive directors should be appointed for a specific term, subject to re-election

While the Bye-laws of the Company requires that one-third of the Directors (other than the Executive Chairman and Managing Director) should retire by rotation, the Non-executive Directors (including the Independent Non-executive Directors) have no fixed term of office. The Board considers that the provisions in the Bye-laws of the Company and its corporate governance measures are no less exacting than those prescribed by CG Code Provision A.4.1 and therefore does not intend to take any steps in this regard.

CG Code Provision A.4.2 requires that every director should be subject to retirement by rotation at least once every three years

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

CG Code Provision A.6.5 requires that all directors should participate in continuous professional development to develop and refresh their knowledge and skills

Madam Lo To Lee Kwan, a Non-executive Director of the Company, is the co-founder of the Group. She was involved in the early stage of development of the Group. Since she is relatively inactive in the Group's business in recent years, she has not participated in the 2020 Director Development Program provided by the Company.

CG Code Provision B.1.5 requires that details of any remuneration payable to members of Senior Management should be disclosed by band in annual reports

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

EMPLOYMENT AND LABOUR PRACTICES

As at 30 June 2020, the number of employees of the Group, including our head office management team, and frontline hotel and property management and operation colleagues, decreased approximately 15.1% to 5,404 (31 December 2019: 6,366). The decrease was mainly attributable to the rightsizing of the operation in many of our hotels, mainly oversea properties, as the business in our Hotels Division has been heavily impacted by COVID-19. Staff costs (including Directors' emoluments) for the six months ended 30 June 2020 amounted to HK$927.6 million (2019: HK$1,339.3 million). Salary levels of employees are competitive and discretionary bonuses are granted based on performance of the Group as well as performance of individual employees. Other employee benefits include educational allowance, insurance, medical scheme and provident fund schemes. Senior employees (including executive directors) are entitled to participate in the Great Eagle Holdings Limited Share Option Scheme. Apart from offering a competitive compensation and benefits package, we provide corporate and vocational training to our colleagues according to the training and development policy of the Group.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted its own Code of Conduct regarding Securities Transactions by Directors and Relevant Employees of the Company (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 Company have confirmed that they have fully complied with the Code of Conduct for Securities Transactions throughout the six months ended 30 June 2020.

REVIEW OF INTERIM RESULTS

The unaudited financial statements for the six months ended 30 June 2020 were prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), and have been reviewed by the Audit Committee of the Company, and by Deloitte Touche Tohmatsu, the independent auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

NEW SHARES ISSUED

As at 30 June 2020, the total number of issued shares of the Company was 719,920,112. On 17 June 2020, a total of 11,538,064 new shares were issued at the price of HK$20.32 per share pursuant to the Scrip Dividend Arrangement in respect of the 2019 final dividend. Details of the Arrangement were set out in announcement published by the Company on 15 May 2020 and the circular to the Shareholders dated 20 May 2020 respectively.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

PUBLIC FLOAT

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

BOARD OF DIRECTORS

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

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

Hong Kong, 27 August 2020

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	NOTES	Six months ended 30 June 2020 HK$'000 (unaudited)	2019 HK$'000 (unaudited)
Revenue	3	**2,724,360**	4,697,213
Cost of goods and services		**(1,747,850)**	(2,654,532)
Operating profit before depreciation		**976,510**	2,042,681
Depreciation		**(409,704)**	(385,365)
Operating profit		**566,806**	1,657,316
Fair value changes on investment properties		**(9,403,077)**	2,500,153
Fair value changes on derivative financial instruments		**(114,818)**	(90,837)
Fair value changes on financial assets at fair value through profit or loss		**(3,421)**	27,682
Other income	5	**207,637**	106,205
Administrative and other expenses		**(229,115)**	(298,121)
Finance costs	6	**(403,189)**	(432,777)
Share of results of joint ventures		**13,925**	(16,958)
Share of results of associates		**4,338**	449
(Loss) profit before tax	7	**(9,360,914)**	3,453,112
Income taxes	8	**(61,222)**	(223,146)
(Loss) profit for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT		**(9,422,136)**	3,229,966
(Loss) profit for the period attributable to:			
Owners of the Company		**(6,512,770)**	2,159,216
Non-controlling interests		**(73,954)**	(9,483)
		(6,586,724)	2,149,733
Non-controlling unitholders of Champion REIT		**(2,835,412)**	1,080,233
		(9,422,136)	3,229,966
(Loss) earnings per share:	10		
Basic		**HK$(9.05)**	HK$3.09
Diluted		**HK$(9.05)**	HK$3.08

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
(Loss) profit for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	**(9,422,136)**	3,229,966
Other comprehensive (expense) income:		
Items that will not be reclassified to profit or loss:		
Fair value (loss) gain on equity instruments at fair value through other comprehensive income	**(75,876)**	38,413
Share of other comprehensive (expense) income of an associate	**(10,680)**	1,781
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(190,347)**	59,335
Share of other comprehensive expense of a joint venture	**-**	(561)
Cash flow hedges:		
Fair value adjustment on cross currency swaps and interest rate swaps designated as cash flow hedges	**(131,125)**	(2,494)
Reclassification of fair value adjustments to profit or loss	**9,730**	4,483
Other comprehensive (expense) income for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**(398,298)**	100,957
Total comprehensive (expense) income for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	**(9,820,434)**	3,330,923
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	**(6,868,427)**	2,260,880
Non-controlling interests	**(75,888)**	(10,881)
	(6,944,315)	2,249,999
Non-controlling unitholders of Champion REIT	**(2,876,119)**	1,080,924
	(9,820,434)	3,330,923

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2020

	NOTES	At 30 June 2020 HK$'000 (unaudited)	At 31 December 2019 HK$'000 (audited)
Non-current assets			
Investment properties		**77,375,611**	87,322,962
Property, plant and equipment		**20,687,574**	20,201,239
Interests in joint ventures		**125,631**	112,116
Interests in associates		**46,985**	55,700
Equity instruments at fair value through other comprehensive income		**963,482**	1,034,736
Notes and loan receivables		**841,484**	755,421
Derivative financial instruments		**25,572**	65,652
		100,066,339	109,547,826
Current assets			
Stock of properties		**6,352,316**	6,096,557
Inventories		**84,142**	126,821
Debtors, deposits and prepayments	11	**821,920**	853,885
Notes and loan receivables		**157,376**	15,613
Financial assets at fair value through profit or loss		**610,284**	234,665
Derivative financial instruments		**14,301**	11,562
Tax recoverable		**29,455**	608
Restricted cash		**93,996**	166,405
Time deposits with original maturity over three months		**610,028**	200,000
Bank balances and cash		**11,753,969**	10,706,504
		20,527,787	18,412,620
Current liabilities			
Creditors, deposits and accruals	12	**7,451,848**	4,534,943
Derivative financial instruments		**58,088**	4,198
Provision for taxation		**290,638**	526,998
Distribution payable		**241,632**	264,668
Borrowings due within one year		**6,106,431**	4,146,215
Medium term notes		**-**	199,929
Lease liabilities		**10,400**	11,513
		14,159,037	9,688,464
Net current assets		**6,368,750**	8,724,156
Total assets less current liabilities		**106,435,089**	118,271,982

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2020

	At 30 June 2020 HK$'000 (unaudited)	At 31 December 2019 HK$'000 (audited)
Non-current liabilities		
Derivative financial instruments	**279,121**	115,007
Borrowings due after one year	**17,958,644**	21,523,056
Medium term notes	**7,602,380**	5,326,277
Deferred taxation	**1,297,427**	1,379,636
Lease liabilities	**14,383**	18,232
	27,151,955	28,362,208
NET ASSETS	**79,283,134**	89,909,774
Equity attributable to:		
Owners of the Company		
Share capital	**359,960**	354,191
Share premium and reserves	**61,371,304**	68,568,106
	61,731,264	68,922,297
Non-controlling interests	**(1,003,134)**	(913,557)
	60,728,130	68,008,740
Net assets attributable to non-controlling unitholders of Champion REIT	**18,555,004**	21,901,034
	79,283,134	89,909,774

1. BASIS OF PREPARATION

The 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 ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. The Group temporarily closed some of its hotels in an effort to contain the spread of the pandemic. On the other hand, governments in different countries have announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic. As such, the financial positions and performance of the Group were affected in different aspects, including decrease in fair value of investment properties, reduction in revenue, increase in cost of sales due to fixed production overheads during the close-down period, and government grants in respect of COVID-19-related subsidies as disclosed in the relevant note.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs") and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2019.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Application of amendments to HKFRSs - continued

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

3. REVENUE

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

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Hotel income	**972,683**	2,798,574
Rental income from investment properties	**1,388,705**	1,476,768
Building management service income	**155,179**	166,186
Sales of properties	**45,919**	33,533
Sales of goods	**69,322**	129,310
Dividend income	**6,250**	13,313
Others	**86,302**	79,529
	2,724,360	4,697,213

4. SEGMENT INFORMATION

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

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

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

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

4. SEGMENT INFORMATION - continued

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

Segment revenue and results

Six months ended 30 June 2020

	Hotel operation HK$'000 (unaudited)	Property investment HK$'000 (unaudited)	Property development HK$'000 (unaudited)	Other operations HK$'000 (unaudited)	Sub-total HK$'000 (unaudited)	Champion REIT HK$'000 (unaudited)	Langham HK$'000 (unaudited)	US Real Estate Fund HK$'000 (unaudited)	Eliminations HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
REVENUE										
External revenue	972,683	96,034	-	161,874	1,230,591	1,443,576	962	49,231	-	2,724,360
Inter-segment revenue	6,665	676	-	191,468	198,809	44,264	103,921	-	(346,994)	-
Total	979,348	96,710	-	353,342	1,429,400	1,487,840	104,883	49,231	(346,994)	2,724,360

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

	Hotel operation HK$'000 (unaudited)	Property investment HK$'000 (unaudited)	Property development HK$'000 (unaudited)	Other operations HK$'000 (unaudited)	Sub-total HK$'000 (unaudited)	Champion REIT HK$'000 (unaudited)	Langham HK$'000 (unaudited)	US Real Estate Fund HK$'000 (unaudited)	Eliminations HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
RESULTS										
Segment results	(357,208)	70,934	-	243,611	(42,663)	1,051,013	89,614	(3,202)	(40,855)	1,053,907
Depreciation					(331,641)	-	(114,993)	-	36,930	(409,704)
Operating (loss) profit after depreciation					(374,304)	1,051,013	(25,379)	(3,202)	(3,925)	644,203
Fair value changes on investment properties					(230,512)	(9,172,565)	-	-	-	(9,403,077)
Fair value changes on derivative financial instruments					(32,477)	(70)	(82,271)	-	-	(114,818)
Fair value changes on financial assets at FVTPL					(1,482)	(1,939)	-	-	-	(3,421)
Other income					9,331	(1,146)	707	23	(1,079)	7,836
Administrative and other expenses					(207,868)	(16,115)	(6,065)	(808)	1,741	(229,115)
Net finance costs					22,424	(210,728)	(92,592)	(3,894)	4,005	(280,785)
Share of results of joint ventures					13,925	-	-	-	-	13,925
Share of results of associates					4,338	-	-	-	-	4,338
Loss before tax					(796,625)	(8,351,550)	(205,600)	(7,881)	742	(9,360,914)
Income taxes					68,315	(140,253)	10,716	-	-	(61,222)
Loss for the period					(728,310)	(8,491,803)	(194,884)	(7,881)	742	(9,422,136)
Less: Loss attributable to non-controlling interests/ non-controlling unitholders of Champion REIT					(873)	2,835,413	70,884	3,942	-	2,909,366
Loss attributable to owners of the Company					(729,183)	(5,656,390)	(124,000)	(3,939)	742	(6,512,770)

4. SEGMENT INFORMATION - continued

Segment revenue and results - continued

Six months ended 30 June 2019

	Hotel operation HK$'000 (unaudited)	Property investment HK$'000 (unaudited)	Property development HK$'000 (unaudited)	Other operations HK$'000 (unaudited)	Sub-total HK$'000 (unaudited)	Champion REIT HK$'000 (unaudited)	Langham HK$'000 (unaudited)	US Real Estate Fund HK$'000 (unaudited)	Eliminations HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
REVENUE										
External revenue	2,798,574	111,633	-	222,152	3,132,359	1,528,958	706	35,190	-	4,697,213
Inter-segment revenue	35,026	341	-	220,628	255,995	23,984	294,817	-	(574,796)	-
Total	2,833,600	111,974	-	442,780	3,388,354	1,552,942	295,523	35,190	(574,796)	4,697,213

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

	Hotel operation HK$'000 (unaudited)	Property investment HK$'000 (unaudited)	Property development HK$'000 (unaudited)	Other operations HK$'000 (unaudited)	Sub-total HK$'000 (unaudited)	Champion REIT HK$'000 (unaudited)	Langham HK$'000 (unaudited)	US Real Estate Fund HK$'000 (unaudited)	Eliminations HK$'000 (unaudited)	Consolidated HK$'000 (unaudited)
RESULTS										
Segment results	304,423	87,076	-	292,986	684,485	1,111,105	277,255	(7,244)	(22,920)	2,042,681
Depreciation					(293,810)	-	(112,371)	-	20,816	(385,365)
Operating profit (loss) after depreciation					390,675	1,111,105	164,884	(7,244)	(2,104)	1,657,316
Fair value changes on investment properties					44,911	2,455,700	-	(358)	(100)	2,500,153
Fair value changes on derivative financial instruments					(65,777)	(265)	(24,795)	-	-	(90,837)
Fair value changes on financial assets at FVTPL					27,682	-	-	-	-	27,682
Other income					4,473	-	-	-	(480)	3,993
Administrative and other expenses					(275,726)	(12,460)	(5,796)	(6,751)	2,612	(298,121)
Net finance costs					(5,189)	(218,053)	(100,221)	(8,595)	1,493	(330,565)
Share of results of joint ventures					(16,958)	-	-	-	-	(16,958)
Share of results of associates					449	-	-	-	-	449
Profit (loss) before tax					104,540	3,336,027	34,072	(22,948)	1,421	3,453,112
Income taxes					(53,775)	(149,500)	(19,938)	-	67	(223,146)
Profit (loss) for the period					50,765	3,186,527	14,134	(22,948)	1,488	3,229,966
Less: Profit attributable to non-controlling interests/ non-controlling unitholders of Champion REIT					(899)	(1,080,233)	(5,264)	15,646	-	(1,070,750)
Profit (loss) attributable to owners of the Company					49,866	2,106,294	8,870	(7,302)	1,488	2,159,216

5. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest income on:		
Bank deposits	**87,511**	73,513
Financial assets at FVTPL	**1,020**	307
Notes and loan receivable	**33,717**	28,255
Others	**156**	137
	122,404	102,212
Government subsidy	**80,266**	-
Net exchange gain	**2,540**	-
Sundry income	**2,427**	3,993
	207,637	106,205

6. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest on bank borrowings	**309,633**	330,670
Interest on medium term notes	**99,648**	96,983
Interest on lease liabilities	**573**	828
Other borrowing costs	**26,390**	39,429
	436,244	467,910
Less: amount capitalised	**(33,055)**	(35,133)
	403,189	432,777

7. (LOSS) PROFIT BEFORE TAX

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
(Loss) profit before tax has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments)	**927,628**	1,339,349
Share-based payments (including Directors' emoluments)	**7,608**	16,795
	935,236	1,356,144
Depreciation	**409,704**	385,365
Share of tax of a joint venture (included in the share of results of joint ventures)	**-**	149
Share of tax (tax credit) of associates (included in the share of results of associates)	**23**	(6)
Dividend income from		
- equity instruments at fair value through other comprehensive income	**(4,903)**	(9,175)
- financial assets at FVTPL	**(1,347)**	(4,138)
Loss on disposal of property, plant and equipment (included in administrative and other expenses)	**76**	45,081
Net exchange loss (included in administrative and other expenses)	**-**	3,663
Net exchange gain (included in other income)	**(2,540)**	-

8. INCOME TAXES

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Current tax:		
Current period:		
Hong Kong Profits Tax	**140,194**	171,569
Other jurisdictions	**(169)**	48,183
	140,025	219,752
Overprovision in prior periods:		
Hong Kong Profits Tax	**(1,174)**	(92)
Other jurisdictions	**(6,282)**	(4,674)
	(7,456)	(4,766)
	132,569	214,986
Deferred tax:		
Current period	**(55,831)**	11,220
Overprovision in prior periods	**(15,516)**	(3,060)
	(71,347)	8,160
	61,222	223,146

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

9. DIVIDENDS

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends paid:		
Final dividend of HK50 cents in respect of the financial year ended 31 December 2019 (2019: HK50 cents in respect of the financial year ended 31 December 2018 was paid on 8 July 2019) per ordinary share	**354,190**	-
Special final dividend of HK50 cents in respect of the financial year ended 31 December 2019 (2019: nil) per ordinary share	**354,191**	-
	708,381	-

9. DIVIDENDS - continued

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends declared after the end of reporting period:		
Interim dividend of HK33 cents in respect of the six months ended 30 June 2020 (2019: HK33 cents in respect of the six months ended 30 June 2019) per ordinary share	**237,574**	231,197
Special interim dividend of HK$1.50 in respect of the six months ended 30 June 2020 (2019: nil) per ordinary share	**1,079,880**	-
	1,317,454	231,197

On 17 June 2020, a final dividend of HK50 cents per ordinary share, which included scrip dividend alternatives offered to shareholders, and a special final dividend of HK50 cents per ordinary share were paid to shareholders as the final dividend in respect of the financial year ended 31 December 2019.

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

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Dividends		
Cash	**119,737**	-
Share alternative	**234,453**	-
	354,190	-

On 27 August 2020, the Directors have determined that an interim dividend of HK33 cents (2019: HK33 cents) and a special interim dividend of HK$1.50 (2019: nil) per ordinary share will be paid to the shareholders of the Company whose names appear in the Register of Members on 6 October 2020.

10. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020	2019
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Earnings		
(Loss) earnings for the purposes of basic and diluted (loss) earnings per share ((Loss) profit for the period attributable to owners of the Company)	**(6,512,770)**	2,159,216

10. (LOSS) EARNINGS PER SHARE - continued

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**719,920,112**	699,734,126
Effect of dilutive potential shares:		
Share options	**-**	786,975
Weighted average number of shares for the purpose of diluted earnings per share	**719,920,112**	700,521,101

The computation of diluted (loss) earnings per share does not assume the exercise of all (31 December 2019: certain) of the Company's outstanding share options as the exercise prices of those options were higher than the average market price of the Company's shares.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 June 2020	31 December 2019
	HK$'000	HK$'000
	(unaudited)	(audited)
Trade debtors, net of allowance for doubtful debts	**89,574**	182,037
Deferred lease receivables	**186,378**	168,585
Retention money receivables	**13,960**	14,731
Other receivables	**178,494**	233,095
Deposits and prepayments	**353,514**	255,437
	821,920	853,885

For hotel income and sales of goods, the Group allows an average credit period of 30-60 days to certain trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices.

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

	30 June 2020	31 December 2019
	HK$'000	HK$'000
	(unaudited)	(audited)
Within 3 months	**72,045**	170,481
More than 3 months but within 6 months	**8,759**	5,510
Over 6 months	**8,770**	6,046
	89,574	182,037

12. CREDITORS, DEPOSITS AND ACCRUALS

	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Trade creditors	**231,409**	269,948
Deposits received	**802,888**	852,764
Customer deposits and other deferred revenue	**4,150,600**	898,412
Construction fee payable and retention money payable	**243,996**	389,426
Accruals, interest payable and other payables	**2,022,955**	2,124,393
	7,451,848	4,534,943

Included in the accruals is accrual of stamp duty based on the current stamp duty rate of 4.25% (31 December 2019: 4.25%) on the stated consideration of HK$22,670,000,000 in the property sale and purchase agreements for the legal assignment of the investment properties which Champion REIT acquired the property interests in Three Garden Road upon listing.

Apart from the above, accruals and other payables mainly consist of accrued operating expenses for the hotels.

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

	30 June 2020 HK$'000 (unaudited)	31 December 2019 HK$'000 (audited)
Within 3 months	**205,255**	253,058
More than 3 months but within 6 months	**4,298**	3,099
Over 6 months	**21,856**	13,791
	231,409	269,948