



鷹君集團有限公司  
Great Eagle  
Holdings Limited

Incorporated in Bermuda with limited liability (Stock Code: 41)  
於百慕達註冊成立之有限公司 (股份代號：41)



INTERIM  
REPORT  
**2021**  
中期報告



# CORPORATE PROFILE



The Great Eagle Group is one of Hong Kong's leading property companies. The Group also owns and manages an extensive international hotel portfolio branded under The Langham and its affiliate brands. Headquartered in Hong Kong, the Group develops, invests in and manages high quality residential, office, retail and hotel properties in Asia, North America, Australasia and Europe.

The Group's principal holdings include a 67.32% interest (as at 30 June 2021) in Champion Real Estate Investment Trust, and a 69.31% interest (as at 30 June 2021) in Langham Hospitality Investments and Langham Hospitality Investments Limited (LHI). Champion Real Estate Investment Trust owns 1.64 million square feet of Grade-A commercial office space in Three Garden Road in the central business district of Hong Kong, as well as the office tower and shopping mall of Langham Place comprising a total floor area of 1.29 million square feet in the prime shopping district of Mongkok, Kowloon. As for LHI, it owns three high quality hotels in the heart of Kowloon, including the 498-room The Langham hotel in the prime shopping district of Tsimshatsui, the 669-room Cordis hotel in the prime shopping area of Mongkok which is connected to the Langham Place Office and Mall, and the 465-room Eaton hotel located on the busy arterial Nathan Road.

The Group's development projects include two luxury residential development projects in Hong Kong, two development projects in San Francisco, U.S., a

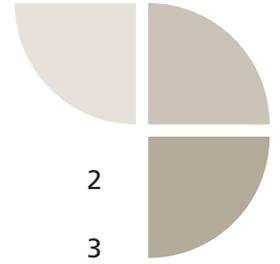
development project in Seattle, U.S. and two hotel development projects in Tokyo, Japan and Venice, Italy respectively. The Group is also active in property management and maintenance services as well as building materials trading.

The Group's extensive international hotel portfolio currently comprises twenty-six luxury properties with more than 9,000 rooms, including twenty-three luxury hotels branded under The Langham, Langham Place and Cordis brands in Hong Kong, London, New York, Chicago, Boston, Los Angeles, Sydney, Melbourne, Auckland, Shanghai, Beijing, Shenzhen, Guangzhou, Haining, Haikou, Ningbo, Xiamen, Hefei, Hangzhou and Changsha; two Eaton hotels in Washington D.C. and Hong Kong; and the Chelsea hotel in Toronto.

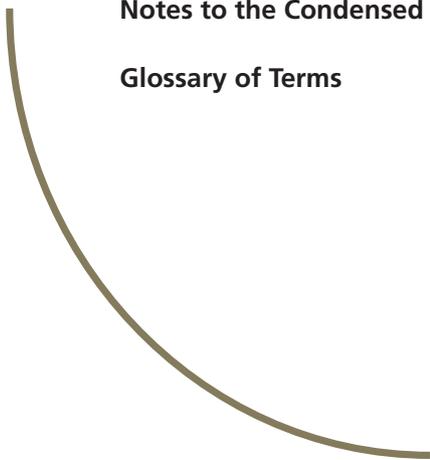
The Group was founded in 1963 with The Great Eagle Company, Limited as its holding company, shares of which were listed on the Hong Kong Stock Exchange in 1972. The Group underwent a re-organisation in 1990 and Great Eagle Holdings Limited, a Bermuda registered company, became the listed company of the Group in place of The Great Eagle Company, Limited.

The Group had a core profit after tax of approximately HK\$1,773 million in the financial year 2020 and a net asset value (based on share of net assets of Champion Real Estate Investment Trust and LHI) of approximately HK\$65 billion as of 30 June 2021.

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# CORPORATE INFORMATION

## DIRECTORS

LO Ka Shui (*Chairman and Managing Director*)  
LO TO Lee Kwan #  
CHENG Hoi Chuen, Vincent \*  
WONG Yue Chim, Richard \*  
LEE Pui Ling, Angelina \*  
LEE Siu Kwong, Ambrose \*  
POON Ka Yeung, Larry \*  
LO Hong Sui, Antony  
LAW Wai Duen  
LO Hong Sui, Vincent #  
LO Ying Sui #  
LO Chun Him, Alexander  
KAN Tak Kwong (*General Manager*)  
CHU Shik Pui

# Non-executive Directors

\* Independent Non-executive Directors

## AUDIT COMMITTEE

CHENG Hoi Chuen, Vincent (*Chairman*)  
WONG Yue Chim, Richard  
LEE Pui Ling, Angelina  
LEE Siu Kwong, Ambrose  
POON Ka Yeung, Larry

## REMUNERATION COMMITTEE

LEE Pui Ling, Angelina (*Chairwoman*)  
CHENG Hoi Chuen, Vincent  
WONG Yue Chim, Richard  
LEE Siu Kwong, Ambrose  
POON Ka Yeung, Larry

## NOMINATION COMMITTEE

WONG Yue Chim, Richard (*Chairman*)  
CHENG Hoi Chuen, Vincent  
LEE Pui Ling, Angelina  
LEE Siu Kwong, Ambrose  
POON Ka Yeung, Larry

## FINANCE COMMITTEE

LO Ka Shui (*Chairman*)  
KAN Tak Kwong  
LO Chun Him, Alexander  
CHU Shik Pui

## COMPANY SECRETARY

WONG Mei Ling, Marina

## AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Registered Public Interest Entity Auditor

## LEGAL ADVISORS

Appleby  
Clayton Utz  
Clifford Chance  
Mayer Brown  
Pillsbury Winthrop Shaw Pittman LLP  
Reed Smith Richards Butler  
Shartsis Friese LLP

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Citibank, N.A.  
Hang Seng Bank Limited  
Mizuho Bank, Limited  
The Hongkong and Shanghai  
Banking Corporation Limited

## REGISTERED OFFICE

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

33rd Floor, Great Eagle Centre  
23 Harbour Road  
Wanchai, Hong Kong  
Tel: (852) 2827 3668  
Fax: (852) 2827 5799

## PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited  
4th Floor North, Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## BRANCH SHARE REGISTRAR IN HONG KONG

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

## WEBSITE

[www.GreatEagle.com.hk](http://www.GreatEagle.com.hk)

## STOCK CODE

41

# DIVIDEND NOTICE AND KEY DATES

## INTERIM DIVIDEND

The Board of Directors of the Company has resolved to declare an interim dividend of HK33 cents per share (2020: HK33 cents per share) for the six months ended 30 June 2021 (the “**2021 Interim Dividend**”), payable on 13 October 2021 to the Shareholders whose names appear on the Registers of Members of the Company on Monday, 4 October 2021.

## CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from Monday, 27 September 2021 to Monday, 4 October 2021, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the 2021 Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong for registration not later than 4:30 p.m. on Friday, 24 September 2021.

## KEY DATES

2021 Interim Results Announcement	:	26 August 2021
Ex-dividend Date	:	23 September 2021
Closure of Registers of Members	:	27 September 2021 – 4 October 2021 <i>(both days inclusive)</i>
Record Date for 2021 Interim Dividend	:	4 October 2021
Payment of 2021 Interim Dividend	:	13 October 2021



# FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2021	2020	Change
	HK\$ million	HK\$ million	
<b>Key Financials on Income Statement</b>			
<b>Based on core business <sup>1</sup></b>			
Revenue based on core business	<b>2,563.8</b>	1,666.3	53.9%
Core profit after tax attributable to equity holders	<b>534.9</b>	88.8	502.4%
Core profit after tax attributable to equity holders (per share)	<b>HK\$0.74</b>	HK\$0.12	
<b>Based on statutory accounting principles <sup>2</sup></b>			
Revenue based on statutory accounting principles	<b>3,569.3</b>	2,724.4	31.0%
Statutory loss attributable to equity holders	<b>(784.0)</b>	(6,512.8)	- 88.0%
Interim dividend (per share)	<b>HK\$0.33</b>	HK\$0.33	
Special interim dividend (per share)	–	HK\$1.50	

<sup>1</sup> 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.

<sup>2</sup> 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 2021	December 2020
<b>Key Financials on Balance Sheet</b>		
<b>Based on share of Net Assets of Champion REIT, LHI and the U.S. Fund (core balance sheet) <sup>1</sup></b>		
Net gearing	<b>11.9%</b>	1.2%
Book value (per share)	<b>HK\$88.9</b>	HK\$92.1
<b>Based on statutory accounting principles <sup>2</sup></b>		
Net gearing <sup>3</sup>	<b>38.9%</b>	25.6%
Book value (per share)	<b>HK\$79.0</b>	HK\$81.7

<sup>1</sup> 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 6.

<sup>2</sup> 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 67.32%, 69.31% and 49.97% equity stake of Champion REIT, LHI and the U.S. Fund respectively as at the end of June 2021.

<sup>3</sup> 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CORE PROFIT – FINANCIAL FIGURES BASED ON CORE BUSINESS

	Six months ended 30 June		
	2021	2020	Change
	HK\$ million	HK\$ million	
<b>Revenue from core business</b>			
Revenue from property sales	<b>957.6</b>	–	n.a.
Hotels Division	<b>725.9</b>	734.2	- 1.1%
Gross rental income	<b>76.4</b>	96.7	- 21.0%
Management fee income from Champion REIT	<b>185.6</b>	191.4	- 3.0%
Distribution income from Champion REIT ^	<b>478.5</b>	482.1	- 0.7%
Distribution income from LHI ^	–	–	–
Other operations	<b>139.8</b>	161.9	- 13.7%
<b>Total revenue</b>	<b>2,563.8</b>	1,666.3	53.9%
Income from property sales	<b>424.3</b>	–	n.a.
Hotels EBITDA	<b>(270.6)</b>	(357.2)	- 24.2%
Net rental income	<b>54.3</b>	70.9	- 23.4%
Management fee income from Champion REIT	<b>185.6</b>	191.4	- 3.0%
Distribution income from Champion REIT ^	<b>478.5</b>	482.1	- 0.7%
Distribution income from LHI ^	–	–	–
Operating income from other operations	<b>54.4</b>	52.2	4.2%
<b>Operating income from core business</b>	<b>926.5</b>	439.4	110.9%
Depreciation	<b>(158.9)</b>	(188.2)	- 15.6%
Administrative and other expenses	<b>(191.2)</b>	(279.2)	- 31.5%
Other income	<b>5.1</b>	9.3	- 45.2%
Interest income	<b>46.7</b>	100.2	- 53.4%
Finance costs	<b>(77.0)</b>	(77.8)	- 1.0%
Share of results of joint ventures	<b>(6.0)</b>	13.9	- 143.2%
Share of results of associates	<b>3.6</b>	4.3	- 16.3%
<b>Core profit before tax</b>	<b>548.8</b>	21.9	n.m.
Income taxes	<b>(13.8)</b>	67.8	- 120.4%
<b>Core profit after tax</b>	<b>535.0</b>	89.7	496.4%
Non-controlling interest	<b>(0.1)</b>	(0.9)	- 88.9%
<b>Core profit attributable to equity holders</b>	<b>534.9</b>	88.8	502.4%

^ 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 2021**

	Assets HK\$ million	Liabilities HK\$ million	Net Assets HK\$ million
Great Eagle operations	45,063	19,258	25,805
Champion REIT	46,288	12,658	33,630
LHI	10,093	4,805	5,288
U.S. Fund	453	181	272
	<b>101,897</b>	<b>36,902</b>	<b>64,995</b>

**31 December 2020**

	Assets HK\$ million	Liabilities HK\$ million	Net Assets HK\$ million
Great Eagle operations	35,425	9,681	25,744
Champion REIT	48,192	13,500	34,692
LHI	10,441	4,812	5,629
U.S. Fund	451	181	270
	<b>94,509</b>	<b>28,174</b>	<b>66,335</b>

## FINANCIAL FIGURES BASED ON STATUTORY ACCOUNTING PRINCIPLES

	Six months ended 30 June		Change
	2021 HK\$ million	2020 HK\$ million	
<b>Revenue based on statutory accounting principles</b>			
Revenue from property sales	<b>957.6</b>	–	n.a.
Hotels Division	<b>1,010.1</b>	979.4	3.1%
Gross rental income	<b>76.4</b>	96.7	- 21.0%
Other operations (including management fee income from Champion REIT)	<b>325.4</b>	353.4	- 7.9%
Gross rental income – Champion REIT	<b>1,397.3</b>	1,487.8	- 6.1%
Gross rental income – LHI	<b>112.5</b>	104.9	7.2%
Gross revenue – U.S. Fund	<b>34.0</b>	49.2	- 30.9%
Elimination on intragroup transactions	<b>(344.0)</b>	(347.0)	- 0.9%
<b>Consolidated total revenue</b>	<b>3,569.3</b>	2,724.4	31.0%
Income from property sales	<b>424.3</b>	–	n.a.
Hotels EBITDA	<b>(270.6)</b>	(357.2)	- 24.2%
Net rental income	<b>54.3</b>	70.9	- 23.4%
Operating income from other operations (including management fee income from Champion REIT)	<b>240.0</b>	243.6	- 1.5%
Net rental income – Champion REIT	<b>995.6</b>	1,051.0	- 5.3%
Net rental income – LHI	<b>92.5</b>	89.6	3.2%
Net operating income/(loss) – U.S. Fund	<b>4.8</b>	(3.2)	n.m.
Elimination on intragroup transactions	<b>(33.2)</b>	(40.8)	- 18.6%
<b>Consolidated operating income</b>	<b>1,507.7</b>	1,053.9	43.1%
Depreciation	<b>(412.5)</b>	(409.7)	0.7%
Fair value changes on investment properties	<b>(1,864.6)</b>	(9,403.1)	- 80.2%
Fair value changes on derivative financial instruments	<b>167.0</b>	(114.8)	n.m.
Fair value changes on financial assets at fair value through profit or loss	<b>26.6</b>	(3.4)	n.m.
Administrative and other expenses	<b>(203.2)</b>	(229.0)	- 11.3%
Other income (including interest income)	<b>99.0</b>	130.2	- 24.0%
Finance costs	<b>(367.1)</b>	(403.2)	- 9.0%
Share of results of joint ventures	<b>19.8</b>	13.9	42.4%
Share of results of associates	<b>3.6</b>	4.3	- 16.3%
<b>Statutory loss before tax</b>	<b>(1,023.7)</b>	(9,360.9)	- 89.1%
Income taxes	<b>(138.8)</b>	(61.2)	126.8%
<b>Statutory loss after tax</b>	<b>(1,162.5)</b>	(9,422.1)	- 87.7%
Non-controlling interest	<b>14.1</b>	73.9	- 80.9%
Non-controlling unitholders of Champion REIT	<b>364.4</b>	2,835.4	- 87.1%
<b>Statutory loss attributable to equity holders</b>	<b>(784.0)</b>	(6,512.8)	- 88.0%

## OVERVIEW

Despite unprecedented challenges from the COVID-19 pandemic, which continue to place pressure across our businesses, the Group's core profit in the first half of 2021 was lifted by the profit booked for the 75 units delivered to buyers at ONTOLO, our luxury residential development project. The Group's core profit was HK\$534.9 million in the first half of 2021 (1H 2020: HK\$88.8 million), after factoring in an operating income of HK\$424.3 million from ONTOLO. Meanwhile, the Group's statutory result, which included revaluation deficit and fair value changes on financial instruments, came to a loss attributable to equity holders of HK\$784.0 million in the first half of 2021 (1H 2020: HK\$6,512.8 million). Against an overall difficult operating environment, the Group continued to look for opportunities to expand its quality asset base and in February 2021, the Group successfully acquired the development rights for a luxury residential project in Ho Man Tin, Hong Kong.

The Ho Man Tin project, with a gross floor area of approximately 742,000 sq. ft., sits on top of the Ho Man Tin Mass Transit Railway (MTR) station. This is a traditional area for luxury residences and Ho Man Tin station will be connected to the Shatin-Central link, which is expected to significantly shorten the travel times between Ho Man Tin and other core business districts. The Group acquired the rights from an independent third party at his original acquisition cost of 2016. The Group has assumed all project

costs, including outstanding land premiums and loans drawn. The Group's return from the project will comprise (i) a share of development profits; (ii) project management and other professional fees; and (iii) financial charges including a fixed interest rate on all capital which the Group injected for the project. We expect presale of the project to start in 2023 with completion by end of 2024.

The Group has also completed the development of a new tower with 244 hotel rooms located next to our Cordis, Auckland in the third quarter of 2021, as the Group took advantage of an underutilised plot ratio available at the site. The newly-added rooms is expected to open for business in the fourth quarter of 2021, and with the combined 631 rooms available at the hotel, this makes Cordis, Auckland the largest upscale hotel in the city's downtown. Meanwhile, The Langham, Boston, reopened in late June 2021 following the completion of a major renovation programme that was delayed due to COVID-19.

As for the Group's interim results, the majority of our overseas hotels continued to be negatively impacted by on-going travel restrictions, as well as mandatory quarantine requirements throughout the first half of 2021. However, after implementation of stringent cost controls and an appropriate scale-down of hotel operations, along with hotels in Mainland China witnessing a decent recovery, loss before interest, taxes and depreciation of the Hotels Division narrowed to HK\$270.6 million in the first half of 2021 (1H 2020: HK\$357.2 million).

Given that LHI generated an insignificant amount of distribution income amid the still lacklustre performances of its three hotels in Hong Kong due to the COVID-19 pandemic, LHI did not declare a distribution for the first half of 2021 (1H 2020: nil).

Distribution income from Champion REIT dropped by 0.7% year-on-year to HK\$478.5 million for the first half of 2021 (1H 2020: HK\$482.1 million). Meanwhile, management fee income from Champion REIT fell by 3.0% year-to-year to HK\$185.6 million in the first half of 2021 (1H 2020: HK\$191.4 million). Net rental income from our investment portfolio dropped by 23.4% year-on-year to HK\$54.3 million in the first half of 2021 (1H 2020: HK\$70.9 million).

Performance from the Group's other business operations rose 4.2% to HK\$54.4 million in the first half of 2021 (1H 2020: HK\$52.2 million).

Nonetheless, the Group's operating income rose 110.9% to HK\$926.5 million in the first half of 2021 (1H 2020: HK\$439.4 million), driven by a HK\$424.3 million operating income booked for the 75 units at ONTOLO that were delivered to buyers during that period.

Administration and other expenses fell 31.5% to HK\$191.2 million in the first half of 2021 amidst stringent cost controls, whereas net finance expense amounted to HK\$30.3 million during the reporting period (1H 2020: net finance income of HK\$22.4 million). Share of losses from joint ventures came to HK\$6.0 million in the first half of 2021 (1H 2020: share of profits of HK\$13.9 million), due to our share of outstanding construction costs booked in relation to the Miami project. Core profit attributable to equity holders rose by 502.4% to HK\$534.9 million in the first half of 2021 (1H 2020: HK\$88.8 million).

Despite the global operating environment being adversely affected, Great Eagle's financial position remains healthy and the Group is expected to withstand the pandemic without significant stress. During the third quarter of 2021, the Group successfully established a Medium Term Note Programme, which will allow the Group to take advantage of a potential buoyant funding market and provide it with more diverse and flexible funding channels.

**BUSINESS REVIEW**

Breakdown of Operating Income	Six months ended 30 June		
	2021	2020	Change
	HK\$ million	HK\$ million	
1. Income from property sales	<b>424.3</b>	–	n.a.
2. Hotels EBITDA	<b>(270.6)</b>	(357.2)	- 24.2%
3. Income from Champion REIT	<b>664.1</b>	673.5	- 1.4%
4. Distribution income from LHI	–	–	–
5. Net rental income from investment properties	<b>54.3</b>	70.9	- 23.4%
6. Operating income from other operations	<b>54.4</b>	52.2	4.2%
<b>Operating income from core business</b>	<b>926.5</b>	439.4	110.9%

**1. PROPERTY SALES****ONTOLO, Pak Shek Kok**

The site, which is located in Pak Shek Kok, Tai Po and commands spectacularly unobstructed sea views over Tolo Harbour was acquired in May 2014. The development, with a total permissible gross floor area of 730,870 sq. ft. or saleable area of 635,612 sq. ft., comprises 723 luxury residential units and 456 parking spaces, and was completed in the fourth quarter of 2020. During the first half of 2021, 75 residential units and 23 parking spaces were sold and delivered to buyers, resulting in revenue and operating profit contribution from the project of HK\$957.6 million and HK\$424.3 million, respectively, during the period. Average sales price for the residential units reached HK\$18,233 per sq. ft. based on saleable area, and average sales price was HK\$2.53 million per unit for the parking spaces sold during the period. As at the end of June 2021, 545 residential units had been sold from a total of 723 units.

## 2. HOTELS DIVISION

### Hotels Performance

	Average daily rooms available		Occupancy		Average room rate (local currency)		RevPAR (local currency)	
	1H 2021	1H 2020	1H 2021	1H 2020	1H 2021	1H 2020	1H 2021	1H 2020
<b>Europe</b>								
The Langham, London	<b>380</b>	380	<b>4.7%</b>	29.5%	<b>416</b>	324	<b>20</b>	96
<b>North America</b>								
The Langham, Boston #	<b>304</b>	–	<b>2.0%</b>	–	<b>482</b>	–	<b>10</b>	–
The Langham Huntington, Pasadena	<b>379</b>	379	<b>22.3%</b>	27.1%	<b>347</b>	284	<b>77</b>	77
The Langham, Chicago	<b>316</b>	316	<b>26.2%</b>	26.2%	<b>439</b>	359	<b>115</b>	94
The Langham, New York, Fifth Avenue	<b>234</b>	234	<b>21.0%</b>	27.2%	<b>552</b>	486	<b>116</b>	132
Eaton, Washington D.C.	<b>209</b>	209	<b>20.7%</b>	23.1%	<b>160</b>	203	<b>33</b>	47
Chelsea Hotel, Toronto	<b>1,590</b>	1,590	<b>12.1%</b>	25.7%	<b>106</b>	148	<b>13</b>	38
<b>Australia / New Zealand</b>								
The Langham, Melbourne	<b>388</b>	388	<b>27.9%</b>	35.9%	<b>320</b>	352	<b>89</b>	127
The Langham, Sydney	<b>96</b>	96	<b>41.8%</b>	31.7%	<b>519</b>	495	<b>217</b>	157
Cordis, Auckland	<b>387</b>	374	<b>39.9%</b>	49.4%	<b>217</b>	239	<b>87</b>	118
<b>Mainland China</b>								
The Langham, Shanghai, Xintiandi	<b>353</b>	355	<b>68.2%</b>	31.9%	<b>1,235</b>	1,191	<b>842</b>	380
Cordis, Shanghai, Hongqiao	<b>394</b>	395	<b>62.8%</b>	20.2%	<b>763</b>	709	<b>479</b>	143

# Re-opened in the second quarter of 2021 after the hotel has been closed for renovation from April 2019

	Six months ended 30 June		Change
	2021	2020	
	HK\$ million	HK\$ million	
<b>Hotels revenue</b>			
Europe	<b>28.1</b>	102.1	- 72.5%
North America	<b>231.4</b>	355.2	- 34.9%
Australia / New Zealand	<b>229.4</b>	164.2	39.7%
Mainland China	<b>187.3</b>	83.6	124.0%
Others (including hotel management fee income)	<b>49.7</b>	29.1	70.8%
<b>Total hotels revenue</b>	<b>725.9</b>	734.2	- 1.1%
<b>Hotels EBITDA</b>			
Europe	<b>(22.5)</b>	(15.9)	41.5%
North America	<b>(161.8)</b>	(170.8)	- 5.3%
Australia / New Zealand	<b>(18.7)</b>	(15.8)	18.4%
Mainland China	<b>33.6</b>	(17.6)	n.m.
Others (including hotel management fee income)	<b>(101.2)</b>	(137.1)	- 26.2%
<b>Total hotels EBITDA</b>	<b>(270.6)</b>	(357.2)	- 24.2%

The performance of our overseas hotels for the first six months of 2021 has been mixed. They have been impacted by varying levels of restrictive measures in accordance with the number of COVID-19 cases in different countries. In the first half of 2021, Mainland China avoided new major waves of infection, which stalled progress elsewhere, especially in the U.K., allowing it to pull ahead in terms of economic recovery. This has helped our hotels in Mainland China enjoy a strong recovery during the first half of 2021 that resulted in a significant increase in revenue from Mainland China during the period.

Total revenue for the Hotels Division dropped by 1.1% year-on-year to HK\$725.9 million in the first half of 2021. After accounting for operating loss and rental payment shortfall of HK\$129.8 million incurred as the lessee of LHI's hotels, and which are included under the "Others" breakdown of the Hotels Division's operating results, the Hotels Division incurred a loss before interest, taxes and depreciation of HK\$270.6 million in the first half of 2021 (1H 2020: HK\$357.2 million). The loss has factored in HK\$43.6 million in government subsidies received, as compared with subsidies of HK\$60.4 million received in the same period last year.

**EUROPE****The Langham, London**

The Langham, London was closed for the first four months of 2021 due to stay-at-home orders imposed by the government. The hotel reopened its accommodation and some of its restaurants in May 2021, as permitted by authorities, but some restrictive measures remained in place until mid-July 2021. In the first half of 2021, government relief subsidy amounting to HK\$19.0 million was booked for the hotel.

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

The Langham, Boston, reopened in late June 2021 following the completion of a major renovation programme that was delayed due to COVID-19. However, performance of The Langham, Chicago, The Langham, New York, Fifth Avenue, The Langham Huntington, Pasadena and Eaton, Washington D.C. continued to be affected by social distancing restrictions and a ban on indoor dining throughout the first quarter of 2021. In June, most US cities had fully reopened and our hotels are gradually seeing revenue uptrend as rooms, restaurants and catering businesses resumed.

Our qualified hotels in the U.S. have received loan funding under the Paycheck Protection Program (“PPP”) since 2020. Of which, US\$6.6 million of the applied PPP loan had been formally forgiven by the government in August 2021, this will be booked as government relief subsidy in our income statement in the Group’s 2021 annual results.

**Chelsea Hotel, Toronto**

Toronto was mostly in lockdown for the first six months of 2021, attributed to the worsening pandemic situation. The city started to reopen on a phased roadmap in June 2021. Hence, the Chelsea Hotel had a significantly low level of occupancy in the first half of 2021. During the first half of 2021, government relief subsidy amounting to HK\$13.6 million was booked for the hotel.

During the first half of 2021, 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 together 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. During the period, the Group is closely monitoring condominium market trends and condition. Meanwhile, the Chelsea Hotel operation will continue.

### **AUSTRALIA / NEW ZEALAND**

#### **The Langham, Melbourne and The Langham, Sydney**

Our Australian hotels were impacted by intermittent lockdowns during the second quarter of 2021 as the number of infections rose. Both The Langham, Melbourne and The Langham, Sydney received numerous cancellations in rooms and restaurants following the lockdown announcement. In the first half of 2021, government relief subsidy amounting to HK\$8.0 million was booked for The Langham, Melbourne.

#### **Cordis, Auckland**

Gradual improvement has been witnessed in Auckland, supported by the domestic leisure business and domestic corporate activity making a comeback. Restaurants and catering businesses began to recover as restrictions were lifted. A new bar opened in March 2021 and has received positive reviews from local media. In the first half of 2021, government relief subsidy amounting to HK\$2.4 million was booked for the hotel.

Construction of the new Pinnacle Tower, which comprises 244 rooms, was completed in the third quarter of 2021, and the Tower is scheduled to open in the fourth quarter of 2021.

### **MAINLAND CHINA**

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

Our hotels in Shanghai saw a strong recovery in occupancy during the first half of the year. Rooms revenue was supported by a good mix of domestic leisure, corporate and group businesses. However, both hotels were challenged by rate pressure and resurgence of Covid cases in nearby regions of Mainland China. Cordis, Hongqiao continued to see revenue uptrend in its Chinese restaurant, after it was awarded one diamond by the “Black Pearl Restaurant Guide 2021” for the third consecutive year in March 2021.

#### **Hotel Management Business**

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 2021 was primarily due to the shortfall of HK\$129.8 million incurred by the Group as the lessee of LHI’s hotels.

As at the end of June 2021, there were eleven hotels with approximately 3,200 rooms in our management portfolio. The most recent hotel added to the portfolio was Langham Place, Changsha, which opened in May 2021 with 294 rooms.

### 3. 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 2021 dropped by 1.4% to HK\$664.1 million. Of which, distribution income decreased by 0.7%

year-on-year to HK\$478.5 million, as the REIT declared a 2.0% decline in distribution per unit and our holdings in the REIT has been increased from 66.61% as at the end of June 2020 to 67.32% as at the end of June 2021. Given the decline in the net property income of Champion REIT, overall management fee income from Champion REIT dropped by 3.0% to HK\$185.6 million in the first half of 2021.

	Six months ended 30 June		
	2021	2020	Change
	HK\$ million	HK\$ million	
Attributable distribution income	<b>478.5</b>	482.1	- 0.7%
Management fee income	<b>185.6</b>	191.4	- 3.0%
<b>Total income from Champion REIT</b>	<b>664.1</b>	673.5	- 1.4%

The following text was extracted from the 2021 interim results announcement of Champion REIT relating to the performance of the REIT's properties.

#### Three Garden Road

Under a depressed market environment with various travel restrictions imposed around the globe, prospective tenants continued to be prudent in their leasing strategies. The lead time for securing replacement tenants also tend to be longer compared to before the pandemic. Total rental income of Three Garden Road declined by 4.6%, mainly due to lower average occupancy. Most arrangements under negative rental reversion will take effect in the second half of the year. Office passing rents remained steady at HK\$111.1 per sq. ft. (based on lettable area) as at 30 June 2021 compared with HK\$110.4 per sq. ft. as at 31 December 2020. Office occupancy declined to 85.0% as at 30 June 2021 (31 December 2020: 86.8%). Net property income decreased by 3.3% to HK\$665 million (1H 2020: HK\$687 million). Net property operating expenses declined by HK\$13 million, mainly due to lower rental commission as a result of lower tenancy turnover.

#### Langham Place Office Tower

Pent-up demand from lifestyle occupiers boosted occupancy of the property to 91.0% as at 30 June 2021 compared with 88.7% as at 31 December 2020. However, negative rental reversion and lower average occupancy pushed down rental income of the property by 8.2% to HK\$178 million (1H 2020: HK\$194 million).

Passing rents slid slightly to HK\$47.6 per sq. ft. (based on gross floor area) as at 30 June 2021 compared with HK\$47.7 per sq. ft. as at 31 December 2020. Net property operating expenses decreased by 2.7% to HK\$16 million (1H 2020: HK\$17 million), mainly due to decrease in net promotion expenses. Net property income declined by 8.7% to HK\$162 million (1H 2020: HK\$177 million).

#### Langham Place Mall

Despite a rebound in the retail business, the sales level was still significantly below its peak in 2018. Total rental income declined 8.4% to HK\$347 million (1H 2020: HK\$378 million). The base rent portion decreased by 11.7% to HK\$306 million (1H 2020: HK\$347 million) as a result of negative rental reversion and an increase in the number of tenants paying turnover rent only. Turnover rent portion increased to HK\$15 million (1H 2020: HK\$9 million) but at a rate that is insufficient to offset the drop in base rent. The proportion of tenants paying turnover rent was 14.3% of area as at 30 June 2021. The average passing rents slipped to HK\$167.9 per sq. ft. (based on lettable area) as at 30 June 2021 (HK\$179.3 per sq. ft. as at 31 December 2020). The mall remained fully occupied as at 30 June 2021. As the business environment for the retail industry picked up and tenants' sales recovered, net promotion expenses decreased by HK\$7 million. Total net property operating expenses decreased by 25.3% to HK\$36 million (1H 2020: HK\$49 million). Net property income declined by 5.8% to HK\$310 million (1H 2020: HK\$330 million).

#### 4. 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 2021, LHI did not declare a distribution amid the poor performance of its three hotels in Hong Kong due to the COVID-19 pandemic.

Performances of the Hong Kong hotels below were extracted from the 2021 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 2021	1H 2020	1H 2021	1H 2020	1H 2021	1H 2020	1H 2021	1H 2020
The Langham, Hong Kong	<b>498</b>	498	<b>20.6%</b>	14.4%	<b>1,137</b>	1,490	<b>235</b>	214
Cordis, Hong Kong	<b>667</b>	667	<b>26.2%</b>	19.5%	<b>1,008</b>	1,293	<b>264</b>	252
Eaton HK	<b>465</b>	465	<b>35.9%</b>	30.1%	<b>522</b>	584	<b>188</b>	176

##### The Langham, Hong Kong

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%.

Food & Beverage ("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

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**

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.

**5. RENTAL INCOME FROM INVESTMENT PROPERTIES**

	Six months ended 30 June		Change
	2021 HK\$ million	2020 HK\$ million	
<b>Gross rental income</b>			
Great Eagle Centre	<b>49.3</b>	61.6	- 20.0%
Eaton Residence Apartments	<b>12.3</b>	19.3	- 36.3%
Others	<b>14.8</b>	15.8	- 6.3%
	<b>76.4</b>	96.7	- 21.0%
<b>Net rental income</b>			
Great Eagle Centre	<b>46.3</b>	58.4	- 20.7%
Eaton Residence Apartments	<b>5.2</b>	10.5	- 50.5%
Others	<b>2.8</b>	2.0	40.0%
	<b>54.3</b>	70.9	- 23.4%

**Great Eagle Centre**

	As at the end of		Change
	June 2021	June 2020	
<b>Office (on lettable area)</b>			
Occupancy	<b>63.7%</b>	100.0%	- 36.3ppt
Average passing rent	<b>HK\$69.3</b>	HK\$69.3	-
<b>Retail (on lettable area)</b>			
Occupancy	<b>94.4%</b>	95.0%	- 0.6ppt
Average passing rent	<b>HK\$87.8</b>	HK\$103.5	- 15.2%

As occupancy of office space in Great Eagle Centre dropped by 36.3 percentage points year-on-year to 63.7% for the first half of 2021, the Group's overall rental income for the Great Eagle Centre fell 20.0% year-on-year to HK\$49.3 million in the first half period. The increase in vacancy was primarily due to significantly reduced

floor area leased by an anchor tenant upon their lease expiry in the second quarter of 2021. Spot rents at the Great Eagle Centre also dropped to the mid-to-high HK\$60s per sq. ft. as at the end of June 2021, as compared with the mid-to-high HK\$70s per sq. ft. as at the end of June 2020.

**Eaton Residence Apartments**

	Six months ended 30 June		
	2021	2020	Change
<b>(on gross floor area)</b>			
Occupancy	<b>69.8%</b>	66.0%	3.8ppt
Average net passing rent	<b>HK\$16.7</b>	HK\$25.0	- 33.2%

Both the Village Road and Wanchai Gap serviced apartments have sustained occupancy levels through extensions from long-stay guests in the first half of 2021, while the Blue Pool Road property, which comprises 56 apartments, remained closed throughout the first half of 2021 for major renovation works, scheduled for

completion in the fourth quarter of 2021. Mainly as a result of the absence of income from the Blue Pool Road property, gross rental income dropped by 36.3% year-on-year to HK\$12.3 million in the first half of the 2021, and net rental income dropped by 50.5% year-on-year to HK\$5.2 million for the first half of 2021.

**6. 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, income from our investment in the Eaton Club's flexible workspace business and dividend income or distribution from securities portfolio or other investments. In the first half of 2021, operating income from other business operations rose by 4.2% to HK\$54.4 million (1H 2020: HK\$52.2 million), the increase was due to improved performance for our wholly owned flexible workspace business, as the division incurred a loss of HK\$3.3 million during the same period last year they expanded to new locations.

**U. S. FUND**

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 and Cavalleri, Malibu**

All residential units of The Austin, San Francisco were sold by the end of December 2020. The project generated only a small profit. As for the 68 rental apartment units in Cavalleri, Malibu, California, 59 leases were signed by the end of June 2021.

## DEVELOPMENT PROJECTS

### HONG KONG AND MAINLAND CHINA

#### Ho Man Tin Residential Development Project

This recently acquired project, which comprised of a gross floor area of approximately 742,000 sq. ft., involves the development of 990 apartments above Ho Man Tin MTR station under a Development Agreement with MTR Corporation Limited. A revised General Buildings Plan was submitted to Buildings Department in mid June 2021. Foundation works are in progress and the superstructure is scheduled to commence in March 2022. Our target is to complete the development by end of 2024.

#### Dalian Mixed-use Development Project

As at the end of June 2021, the final sales proceeds from the sale of the project, which represents 24% of the total proceeds, are still outstanding. The Group will continue to actively pursue the relevant arbitration proceedings in relation to the outstanding payments. Thus far, the provisional preservation measures are imposed over certain assets of the buyer as well as bank accounts and unsold residential units of the project company. These arbitration proceedings are still ongoing and it is difficult to ascertain when the arbitral awards will be issued by these arbitral tribunals. Nonetheless, the Group had already recouped its investment in the project after the first payment received in 2019.

### 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.

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 tender submissions 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.

The property can achieve a gross floor area of approximately 139,000 sq. ft. with 206-key. A revised design was submitted in August 2018 to the City of San Francisco and was approved in September 2020. Hearing for entitlement approval will take place after an agreement has been reached with the local union. Meanwhile, a further study on profitability is being carried out due to the uncertain market conditions and high construction costs in San Francisco. The project has been put on hold and plans for an alternative exit strategy are also being considered for this site.

**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.

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 and the project was approved unanimously by the Planning Commission on 24 September 2020 at a Public Hearing. The project now has three years to obtain an approved building permit. Meanwhile, due to the outbreak of the COVID-19 pandemic, we are reassessing the project's return due to uncertain market conditions and the severe cost escalation of construction in San Francisco. Plans are being restudied to see if lower costing can be achieved. The project has been put on hold and plans for an alternative exit strategy are also being considered for this site.

**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 2022. We are closely monitoring the market price trend of Seattle construction cost and the condominium market.



Artistic rendering only

## 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 136 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.

World-renowned architect Matteo Thun is designing the hotel. The project team has completed the schematic design, and piling and ground works are scheduled to commence in early 2022. Completion of the project is expected to be in the third quarter of 2024.

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.



Artistic rendering only

## 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 2021 was HK\$29,454 million, an increase of HK\$7,625 million compared to that as of 31 December 2020. The increase in net borrowings was mainly due to cash premium paid for a project in Ho Man Tin and assumed bank loan of HK\$5,877 million upon novation of the project.

Equity Attributable to Shareholders, based on professional valuation of the Group's investment properties as of 30 June 2021 and the depreciated costs of the Group's hotel properties (including Hong Kong hotel properties held by LHI), amounted to HK\$57,776 million, representing a decrease of HK\$1,035 million compared to the value of HK\$58,811 million as of 31 December 2020. The decrease was mainly attributable to valuation loss of investment properties 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 67.32%, 69.31% 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 2021 was 38.9%. Since the debts of these three subsidiary groups had no recourse to the Group, we considered it was more meaningful to account for the Group's own net debts instead of attributable consolidated net debts against the Group's sharing of net assets of those subsidiaries, and the resulting net position is illustrated below.

Net debt at 30 June 2021	On Consolidated Basis HK\$ million	On Core Balance Sheet Basis HK\$ million
Great Eagle	7,739	7,739
Champion REIT	15,415	–
LHI	6,135	–
U.S. Fund	165	–
Net debts	29,454	7,739
<b>Net debts attributable to Shareholders of the Group</b>	<b>22,451</b>	<b>7,739</b>
<b>Equity attributable to Shareholders of the Group</b>	<b>57,776</b>	<b>64,995</b>
<b>Net gearing ratio <sup>^</sup></b>	<b>38.9%</b>	<b>11.9%</b>

<sup>^</sup> 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\$36,428 million as of 30 June 2021. Bank loans amounted to HK\$17,427 million were secured by way of legal charges over certain of the Group's assets and business undertaking.

Outstanding gross debts <sup>(1)(2)</sup>	Floating rate debts HK\$ million	Fixed rate debts HK\$ million	Utilised facilities HK\$ million
Bank loans	19,888	8,868 <sup>(5)</sup>	28,756 <sup>(3)</sup>
Medium term notes	643	7,029 <sup>(4)</sup>	7,672
Total	20,531	15,897	36,428
%	56.4%	43.6%	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\$5,953 million loans were originally denominated in other currencies.

(4) (a) Equivalence of HK\$5,327 million were US dollars notes; (b) Included notes of outstanding principal amount of US\$446.4 million which was under currency swaps at an average rate of HK\$7.7597 to US\$1.00.

(5) Included floating rate debts which had been swapped to fixed rate debts. As at 30 June 2021, the Group had outstanding interest rate swap contracts of notional amount of HK\$7,022 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 2021, our cash, bank deposits and undrawn loan facilities amounted to a total of HK\$12,559 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 2021:

Within 1 year	40.2%
More than 1 year but not exceeding 2 years	8.6%
More than 2 years but not exceeding 5 years	44.1%
More than 5 years	7.1%

### FINANCE COST

The net consolidated finance cost during the period was HK\$368 million of which HK\$95 million was capitalised to property development projects. Overall net interest cover at the reporting date was 3.6 times.

### PLEDGE OF ASSETS

At 30 June 2021, properties of the Group with a total book carrying value of approximately HK\$20,910 million (31 December 2020: HK\$33,578 million) were mortgaged or pledged to secure credit facilities granted to its subsidiaries.

### COMMITMENTS AND CONTINGENT LIABILITIES

At 30 June 2021, the Group had authorised capital expenditure for investment properties and property, plant and equipment which was not provided for in these consolidated financial statements amounting to HK\$8,884 million (31 December 2020: HK\$9,410 million) of which HK\$463 million (31 December 2020: HK\$774 million) has been contracted for.

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

### OUTLOOK

The Group's businesses, especially hotel operations, continue to be severely impacted by the COVID-19 pandemic, with the possibility of another large-scale outbreak by the evolution of new virus variants. Achieving much higher levels of vaccination rates around the world should be the key to controlling the virus so that our businesses can resume their growth paths, although it appears that we are still many months from reaching sufficient levels to see social measures and travel restrictions meaningfully change. Therefore, we do not expect our hotel businesses to recover significantly during the remainder of the year. For our global hotel business, the Group continues to navigate through these difficult times and is focused on implementing strict cost controls, as well as the appropriate scaling of our operations to cope with rapidly changing market conditions for the remainder of the year. Furthermore, the extent and scope of government stimuluses in different countries will also affect hotel earnings.

Given the continued poor outlook for global hotels, we expect our hotels in Hong Kong will be similarly affected and therefore, we remain cautious on LHI's performance in the second half of 2021.

For Champion REIT, the REIT's manager expects rental income and distribution per unit to remain under pressure in 2021.

However, the Hong Kong residential market is buoyant as shown by the Centaline Property Centa-city Leading Index, which measures the secondary private residential property price in Hong Kong, and has rallied back to its historical peak level as at the end of June 2021. This trend should continue to support sales of the remaining units at ONTOLO in Pak Shek Kok in the second half of 2021.

Back in 2017, the Group wrote off a non-core investment in alternative investments, which included HK\$127.4 million for an electric vehicle start-up company, as it experienced serious cash flow issue. Subsequent to our write-off, the company brought in a major global sovereign fund as a major investor and the start-up company then listed on the Nasdaq, U.S. through a SPAC vehicle in July 2021 with the listing code (LCID.US). As one of the early investors in the start-up company, there is a six-month lock-up period for the Group's shares. Immediately after the listing, the Group held approximately 13.4 million shares of the listed company, which included the Group's acquisition of additional shares at a consideration of US\$20.2 million in the start-up's latest round of funding ahead of the merger with the SPAC. Shares of LCID have been trading at around US\$22 per share since listing. The unrealised valuation surplus of this investment will be credited to balance sheet in the Group's 2021 annual results.

While we remain focused on managing the impacts of the pandemic on our businesses at the moment, we are also seeing rising U.S.-China geopolitical tensions, which could spill over into greater economic disruption and impact our businesses in Hong Kong. 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, we believe that we are in a relatively good position to ride out the present economic storm and, at the same time, we will continue to identify attractive investment opportunities that may arise during this uniquely challenging period.

**Lo Ka Shui**

*Chairman and Managing Director*

Hong Kong, 26 August 2021

# DIRECTORS' BIOGRAPHICAL INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, the information of Directors of the Company subsequent to the publication of the 2020 Annual Report of the Company and up to the date of this Interim Report, are updated as follows:

## **Dr. LO Ka Shui** **Chairman and Managing Director**

Dr. LO Ka Shui, aged 74, has been a member of the Board since 1980. He is a substantial shareholder, Chairman and Managing Director of the Company, Chairman of the Company's Finance Committee, and is also a director of its various subsidiaries. He is Chairman and Non-executive Director of the Manager of the publicly-listed trusts, Champion Real Estate Investment Trust and Langham Hospitality Investments. He is also a Vice President of The Real Estate Developers Association of Hong Kong and a member of The Hong Kong Centre for Economic Research's Board of Trustees. Dr. Lo was formerly a Director of Hong Kong Exchanges and Clearing Limited; Chairman of the Listing Committee for Main Board and Growth Enterprise Market; a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority; Chairman of The Chamber of Hong Kong Listed Companies; Chairman of the Hospital Authority of Hong Kong; a Board Member of the Airport Authority Hong Kong; and a Member of the University Grants Committee. Dr. Lo graduated from McGill University with a Bachelor of Science Degree and obtained a Doctor of Medicine (M.D.) Degree from Cornell University, specialising in Internal Medicine and Cardiology. He has over four decades of experience in property and hotel development, and investment both in Hong Kong and overseas. Dr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, a younger brother of Mr. Lo Hong Sui, Antony and Madam Law Wai Duen, and the father of Mr. Lo Chun Him, Alexander, all Directors of the Company. Also, he is the father of Ms. Lo Bo Lun, Katherine, senior management of the Company.

## **Madam LO TO Lee Kwan** **Non-executive Director**

Madam LO TO Lee Kwan, aged 101, has been a Director of the Group since 1963. She was an Executive Director of the Company prior to her re-designation as a Non-executive Director of the Company in December 2008. She is the wife of Mr. Lo Ying Shek, the late former chairman of the Company, and is the co-founder of the Group. She was involved in the early stage of development of the Group. She is the mother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and the grandma of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, she is the grandma of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

## **Mr. CHENG Hoi Chuen, Vincent** **Independent Non-executive Director**

Mr. CHENG Hoi Chuen, Vincent, aged 73, is an Independent Non-executive Director of the Company. He has been a Director of the Group since 1994 and is the Chairman of the Audit Committee and a member of both the Remuneration Committee and the Nomination Committee of the Company. Mr. Cheng is an Independent Non-executive Director of Hui Xian Asset Management Limited (Manager of the publicly listed Hui Xian Real Estate Investment Trust), Shanghai Industrial Holdings Limited, Wing Tai Properties Limited and CK Hutchison Holdings Limited. He is a former Chairman of The Hongkong and Shanghai Banking Corporation Limited, HSBC Bank (China) Company Limited and HSBC Bank (Taiwan) Company Limited and a former Executive Director of HSBC Holdings plc. Mr. Cheng is also a former Independent Non-executive Director of China Minsheng Banking Corp., Ltd., MTR Corporation Limited and CLP Holdings Limited. Mr. Cheng is an Independent Non-executive Director of Airstar Bank Limited. He is also a Vice Patron of The Community Chest of Hong Kong and was a member of the

Advisory Committee on Post-service Employment of Civil Servants. In 2008, Mr. Cheng was appointed a member of the National Committee of the 11th Chinese People's Political Consultative Conference ("CPPCC") and a senior adviser to the 11th Beijing Municipal Committee of the CPPCC. He graduated from The Chinese University of Hong Kong with Bachelor of Social Science Degree in Economics and from The University of Auckland with a Master's Degree in Philosophy (Economics).

**Professor WONG Yue Chim, Richard**  
**Independent Non-executive Director**

Professor WONG Yue Chim, Richard, aged 69, is an Independent Non-executive Director of the Company. He has been a Director of the Group since 1995 and is the Chairman of the Nomination Committee and a member of both the Audit Committee and the Remuneration Committee of the Company. Professor Wong is Provost and Deputy Vice-Chancellor and Chair of Economics at The University of Hong Kong. He is a leading figure in advancing economic research on policy issues in Hong Kong through his work as Founding Director of the Hong Kong Centre for Economic Research and the Hong Kong Institute of Economics and Business Strategy. He was awarded the Silver Bauhinia Star in 1999 in recognition of his contributions in education, housing, industry and technology development and was appointed a Justice of the Peace in 2000 by the Government of the Hong Kong Special Administrative Region. He is a member of Research Council of Our Hong Kong Foundation. Professor Wong is an Independent Non-executive Director of Pacific Century Premium Developments Limited and Sun Hung Kai Properties Limited, both of which are companies whose shares are listed on the Stock Exchange. During the past three years, he was an Independent Non-executive Director of Orient Overseas (International) Limited.

**Mrs. LEE Pui Ling, Angelina**  
**Independent Non-executive Director**

Mrs. LEE Pui Ling, Angelina, aged 72, was appointed an Independent Non-executive Director of the Company in 2002 and is the Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. Mrs. Lee is a solicitor and a Fellow of the Institute of Chartered Accountants in England and Wales. She holds a Bachelor of Laws degree from and was awarded an Honorary Fellowship by University College London, University of London. Amongst her public appointments, Mrs. Lee was a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority and a Non-executive Director of the Securities and Futures Commission. Mrs. Lee is a Non-executive Director of CK Infrastructure Holdings Limited, Henderson Land Development Company Limited and TOM Group Limited, all of which are listed companies.

**Mr. LEE Siu Kwong, Ambrose**  
**Independent Non-executive Director**

Mr. LEE Siu Kwong, Ambrose, aged 73, was appointed as an Independent Non-executive Director of the Company in January 2016 and is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is currently an independent non-executive director of HSBC Bank (China) Company Limited and was a non-executive director of Digital Broadcasting Corporation Hong Kong Limited. Mr. Lee had served with the Hong Kong Government for 38 years and retired from it in 2012. He joined the Hong Kong Government as an Immigration Officer in 1974. He advanced through the ranks and in 1998, took charge of the Department as Director of Immigration. In 2002, Mr. Lee was appointed as Commissioner of the Independent Commission Against Corruption and one year later, he was appointed as Secretary for Security of the HKSAR Government. Throughout

his years of service, Mr. Lee developed ample experience in government administration, executive management, law enforcement and crisis management. Mr. Lee was a Hong Kong deputy to the 12th National People's Congress and a Vice Chairman of the Council of Lifeline Express Hong Kong Foundation. He was awarded the Gold Bauhinia Star in 2009 and the Hong Kong Immigration Service Medal for Distinguished Service in 1998. Mr. Lee graduated from The University of Hong Kong with a Bachelor Degree of Science in Electrical Engineering and had also pursued administrative development and senior executive studies at Tsinghua University, University of Oxford, Harvard University and INSEAD.

**Professor POON Ka Yeung, Larry**  
**Independent Non-executive Director**

Professor POON Ka Yeung, Larry, aged 53, was appointed as an Independent Non-executive Director of the Company in March 2016. He is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He has been teaching marketing-related subjects for different Master Degree programs such as the Master's Degree in Science program, MBA program, EMBA program and Global Executive MBA program (OneMBA) of The Chinese University of Hong Kong. Since June 2008, he has been appointed as Adjunct Associate Professor in the Department of Marketing of The Chinese University of Hong Kong. Since June 2019, he has been appointed as a member of the External Advisory Group (EAG) of the MBA Strategic Plan of The Chinese University of Hong Kong. Professor Poon is an independent non-executive director of Shenzhen Neptunus Interlong Bio-Technique Company Limited. He has been appointed as an Honorary Institute Fellow of The Asia-Pacific Institute of Business of The Chinese University of Hong Kong since April 2002. He is also the Adviser of The Chinese Gold and Silver Exchange Society and an Independent Committee Member of the Registration Committee for the Practitioners'

Registration Scheme of the Society. He has been appointed as the Humanitarian Education Advisor of Hong Kong Red Cross since April 2019. He obtained his Bachelor's Degree in Mathematics with Minor in Economics and Marketing from The Chinese University of Hong Kong in 1989 and was further admitted to the MBA Degree by the University of Hull, United Kingdom in 1996.

**Mr. LO Hong Sui, Antony**  
**Executive Director**

Mr. LO Hong Sui, Antony, aged 79, is an Executive Director and a director of various subsidiaries of the Company. He has been a Director of the Group since 1967. Mr. Lo has been actively involved in property development, construction and investment for decades. He graduated from the University of New South Wales with a Bachelor's Degree in Commerce. Mr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, a younger brother of Madam Law Wai Duen, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, he is an uncle of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

**Madam LAW Wai Duen**  
**Executive Director**

Madam LAW Wai Duen, aged 84, is an Executive Director and a director of various subsidiaries of the Company. She has been a Director of the Group since 1963. Madam Law graduated from The University of Hong Kong with a Bachelor's Degree in Arts and has been actively involved in the Group's property development and investment in Hong Kong for decades. Madam Law is a daughter of Madam Lo To Lee Kwan, an elder sister of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, and an aunt of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, she is an aunt of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

**Mr. LO Hong Sui, Vincent**  
**Non-executive Director**

Mr. LO Hong Sui, Vincent, aged 73, has been a Director of the Group since 1970. He was an Executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in December 2008. He is also the Chairman of the Shui On Group which he founded in 1971. The Shui On Group is principally engaged in property development, construction and construction materials with interests in Hong Kong and the Chinese Mainland. He is the Chairman of SOCAM Development Limited and Shui On Land Limited, both are listed on the Stock Exchange. He is also a Non-executive Director of Hang Seng Bank Limited. Mr. Lo is a member of the Board of Directors of Boao Forum for Asia, the President of the Council for the Promotion & Development of Yangtze, an Economic Adviser of the Chongqing Municipal Government, a Vice Chairman of the Chamber of International Commerce Shanghai, the Honorary Life President of the Business and Professionals Federation of Hong Kong and an Honorary Court Chairman of The Hong Kong University of Science and Technology. He was awarded the Grand Bauhinia Medal (GBM) in 2017, the Gold Bauhinia Star in 1998 and was appointed a Justice of the Peace in 1999 by the Government of the Hong Kong Special Administrative Region. Mr. Lo is a son of Madam Lo To Lee Kwan, an elder brother of Dr. Lo Ying Sui, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony and Madam Law Wai Duen, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, he is an uncle of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

**Dr. LO Ying Sui**  
**Non-executive Director**

Dr. LO Ying Sui, aged 69, has been a Director of the Group since 1993. He was an Executive Director of the Company prior to his re-designation as a Non-executive Director of the Company in December 2008. With a Doctor of Medicine Degree from the University of Chicago, he is a specialist in Cardiology and a Clinical Associate Professor (honorary) at The Chinese University of Hong Kong Faculty of Medicine. He is a son of Madam Lo To Lee Kwan, a younger brother of Dr. Lo Ka Shui, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen and Mr. Lo Hong Sui, Vincent, and an uncle of Mr. Lo Chun Him, Alexander, all being Directors of the Company. Also, he is an uncle of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

**Mr. LO Chun Him, Alexander**  
**Executive Director**

Mr. LO Chun Him, Alexander, aged 36, joined the Group in 2010 and was appointed as an Executive Director of the Company in December 2015. He is also a member of the Finance Committee. Mr. Lo holds directorships in various principal subsidiaries of the Company, including The Great Eagle Company, Limited, Great Eagle (China) Investment Limited, The Great Eagle Development and Project Management Limited, Eagle Property Management (CP) Limited, Langham Hospitality Group Limited, Langham Hotels International Limited, Pacific Eagle Holdings Corporation and Rio dei Vetrai S.r.l.. He is also a Non-executive Director of Langham Hospitality Investments Limited and LHIL Manager Limited (Manager of the publicly listed Langham Hospitality Investments). Prior to joining the Group, he had worked at Citibank's investment banking division with a focus on Hong Kong's market. Mr. Lo is also a

member of the Executive Committee of The Real Estate Developers Association of Hong Kong and a member of the Management Committee of The Federation of Hong Kong Hotel Owners Limited. He graduated from Washington University in St. Louis with a Bachelor of Arts in Psychology. Mr. Lo is a son of Dr. Lo Ka Shui, being a substantial shareholder, the Chairman and Managing Director of the Company. Also, he is a grandson of Madam Lo To Lee Kwan, a nephew of Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, and a younger brother of Ms. Lo Bo Lun, Katherine, being senior management of the Company.

**Mr. KAN Tak Kwong**  
**Executive Director and General Manager**

Mr. KAN Tak Kwong, aged 69, has been a Director of the Group since 1988. He is an Executive Director, the General Manager and a member of the Finance Committee of the Company. Mr. Kan also holds directorships in various principal subsidiaries of the Company, including The Great Eagle Company, Limited, Great Eagle (China) Investment Limited, Keysen Property Management Services Limited, Great Eagle Tokyo TMK, Eagle Property Management (CP) Limited, Langham Hospitality Group Limited, Langham Hotels International Limited, Pacific Eagle Holdings Corporation and Rio dei Vetrai S.r.l.. He graduated from The Chinese University of Hong Kong with a Master's Degree in Business Administration and is a member of various professional bodies including the Hong Kong Institute of Certified Public Accountants. Mr. Kan has decades of experience in finance, accounting, strategic development and corporate administration in the real estate, finance and construction industries.

**Mr. CHU Shik Pui**  
**Executive Director**

Mr. CHU Shik Pui, aged 59, joined the Group in 1989 and was appointed as an Executive Director of the Company in December 2015. He is a member of the Finance Committee and also the Head of Tax and Investment primarily responsible for the Group's taxation, finance and investment matters. Mr. Chu is a fellow of The Chartered Association of Certified Accountants and an associate of The Hong Kong Institute of Certified Public Accountants. He is also a full member of the Society of Registered Financial Planners. Mr. Chu has 30 years' aggregated experience in taxation, finance, accounting, legal, and acquisition and investment.

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

# GOVERNANCE AND COMPLIANCE

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

## **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 regulatory requirements and needs of the Company to underpin our engrained values of integrity and accountability. Throughout the period under review, the Company has complied with most of the code provisions and where appropriate, adopted the recommended best practices as set out in the CG Code. Set out below are 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 also holds 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 practiced 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 preserves the consistent leadership culture of the Company and allows for the 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, comprised of experienced and high

calibre individuals, including five Independent Non-executive Directors and three Non-executive Directors who offer advice and viewpoints from different perspectives. Meanwhile, the day-to-day management and operations of the Group are delegated to divisional management under the leadership and supervision of Dr. Lo in the role of Managing Director, and who is supported by the Executive Directors and Senior Management.

### **CG Code Provision A.4.1 requires that Non-executive Directors should be appointed for a specific term, subject to re-election**

While the Bye-laws require that one-third of Directors (other than the Executive Chairman and Managing Director) should retire by rotation, Non-executive Directors (including Independent Non-executive Directors) have no fixed term of office. The Board considers that the provisions in the Bye-laws 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, the Executive Chairman and Managing Director of the Company are not subject to retirement by rotation. The same provision is contained in The Great Eagle Holdings Limited Company Act, 1990 of Bermuda. As such, Directors who hold the offices of either the Executive Chairman or the Managing Director of the Company are by statute not required to retire by rotation. After due consideration, in particular of the legal costs and procedures involved, the Board considers that it is not desirable to propose any amendment to The Great Eagle Holdings Limited Company Act, 1990 for the sole purpose of subjecting the Executive Chairman and Managing Director of the Company to retirement by rotation. Dr. Lo Ka Shui is the Executive Chairman and Managing Director of the Company. His interests in shares and underlying

shares in the Company and associated corporations are set out in the section of Disclosure of Interests contained herein. 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 stages of development of the Group. Since she is relatively inactive in the Group's business in recent years, she has not participated in the 2021 Director Development Programme 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 would be detrimental to the interests of the Shareholders. The Board considers that our current approach in disclosing the emoluments of Directors on named basis and that of the five highest paid individuals of the Group in the forms of aggregate amount and by bands in our annual reports is appropriate to maintaining an equilibrium between transparency and privacy.

## COMPLIANCE POLICIES AND PROCEDURES

The Board of Directors assumes responsibility for leadership and control of the Group, and is collectively responsible for promoting the success of the Company. It plays a central supportive and supervisory role in the Company's corporate governance duties. The governance framework of the Company is constituted by the Statement of Corporate Governance Practices of the Company. It serves as an ongoing guidance for the Directors in performing and fulfilling their respective roles and obligations to the Company. The Board is also responsible for overseeing the management and operation of the Group and is ultimately accountable for the Group's activities, strategies and financial performance. The Company has put in place a comprehensive set of compliance policies and procedures that constitute the core elements of the governance framework of the Group, including:

- Anti-Money Laundering Policy
- Code of Conduct regarding Securities Transactions by Directors and Relevant Employees
- Employee Code of Conduct
- Policy on the Preservation and Prevention of Misuse of Inside Information
- Privacy Policy
- Reporting and Monitoring Policy on Connected Transactions
- Schedule of Matters Reserved for the Board
- Shareholder Communication Policy
- Social Media Policy
- Whistleblowing Policy

The Board regularly reviews these policies and procedures, and further enhancement will be made from time to time in light of the latest statutory and regulatory regimes and applicable international best practices. Copies of the principal governance policies can be obtained from the Company's website at [www.GreatEagle.com.hk](http://www.GreatEagle.com.hk).

## EMPLOYMENT AND LABOUR PRACTICES

Our human capital is the backbone of our sustainable success. The Group is committed to providing lawful and proper employment that signifies human development. We recognise the importance of workforce sustainability, which is about retaining and attracting the right people to meet current and future business requirements. We offer competitive salaries to employees and discretionary bonuses are granted based on the performance of the Group as well as the 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. In line with our commitment to sustainability, a staff wellness programme (e.g. wellness festival, green workshop and mindfulness class), staff recreational activities as well as community involvement through volunteering projects are offered to employees.

There had been no material change to the number of employees and staff composition of the Group for the six months ended 30 June 2021.

As a Group, we value communication and team spirit, and make continuous efforts to promote dialogue, teamwork and a healthy work-life balance. Social events are organised regularly to promote communication and cohesion across departments, business units and levels of seniority throughout the Group. These activities include:

- (a) Senior staff meetings hosted by the Chairman on recent business developments of the Group;

- (b) Departmental meetings with light refreshments, which enable every employee to enjoy a casual conversation with the Chairman; and
- (c) Executive luncheons hosted by the Chairman and/or Executive Directors to facilitate the exchange of ideas among top management members of the Group in Hong Kong.

In addition, there is an iForum where employees can freely express themselves and share their ideas with others.

We believe that the provision of opportunities for training and development is an important component for attracting and retaining staff. Since 2012, the corporate culture of applying the best practices from “The 7 Habits of Highly Effective People” programme and adopting innovative approaches at work have been continuously cultivated. We raise staff awareness through different channels, such as training programmes, promotional items, forming a committee and leverage the intranet for staff to express their ideas. Since 2014, the Group has further promoted a culture of innovation through establishing an online platform, the Great Eagle Innovation Portal, to facilitate the exchange of innovative ideas among staff and business units/ departments. The Group has also developed external and in-house designed training programmes in supervisory, management, soft skills as well as technical skills training. Focussing on talent management through training and development, succession planning and a mentoring programme further strengthen the Group’s organisational agility. The organisation strategies are sustainable due to staff involvement and management’s support.

The Hotels Division cultivates talent and promotes continuous learning in an engaging and progressive environment. In order to sustain the talent pipeline, the Advanced Programme for EXecutives (APEX) was relaunched to focus on the development of Hotel Managers/General Managers. APEX is a holistic programme to prepare identified colleagues to take up bigger and more challenging leadership roles in the future, and at the same time, to equip them with the essential knowledge, skills and experiences for transition into future roles.

Integrity is one of the Group's values and we are committed to doing the right thing. The Hotels Division has formed a Data Protection team at the corporate level, which has put in place a comprehensive governance structure to evaluate, address and manage data protection risks. To ensure that we safeguard the personal data of our guests and colleagues, Data Protection Awareness training was rolled out to all hotels to ensure our colleagues have solid data protection governance in place.

### **COMPLIANCE WITH THE MODEL CODE**

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

Having made specific enquiries, all Directors and relevant employees of the Company have confirmed that they have fully complied with the Code of Conduct for Securities Transactions throughout the six months ended 30 June 2021.

### **REVIEW OF INTERIM RESULTS**

The unaudited financial statements for the six months ended 30 June 2021 were prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the HKICPA, and have been reviewed 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.

This interim report, comprising the unaudited financial statements, has been reviewed by the Audit Committee of the Company.

### **NEW SHARES ISSUED**

As at 30 June 2021, the total number of issued shares of the Company was 731,040,412. On 21 June 2021, a total of 10,247,300 new shares were issued at the price of HK\$25.32 per share pursuant to the Scrip Dividend Arrangement in respect of the 2020 final dividend. Details of the Scrip Dividend Arrangement were set out in the announcement published by the Company on 18 May 2021 and the circular to the Shareholders dated 24 May 2021 respectively.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities.

### **PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float with more than 25% of the issued shares of the Company being held by the public as at 30 June 2021.

# DISCLOSURE OF INTERESTS

## DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, are as follows:

### Long positions in shares and underlying shares of the Company

Name of Directors	Capacity	Nature of Interests	Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital <sup>(1)</sup>	Total
Lo Ka Shui	Beneficial Owner	Personal Interests	61,069,517 <sup>(1)</sup>	8.35 )	63.34
				)	
	Interests of Controlled Corporations	Corporate Interests	90,597,826 <sup>(2)</sup>	12.39 )	
				)	
Lo To Lee Kwan	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	246,937,926 <sup>(3)</sup>	33.78 )	34.68
				)	
	Founder of a Discretionary Trust	Trust Interests	64,472,192	8.82 )	
				)	
Cheng Hoi Chuen, Vincent	Beneficial Owner	Personal Interests	1,300,860	0.18 )	0.00
				)	
	Interests of Controlled Corporations	Corporate Interests	5,277,677 <sup>(4)</sup>	0.72 )	
Wong Yue Chim, Richard	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	246,937,926 <sup>(3)</sup>	33.78 )	33.97
				)	
Lo Hong Sui, Antony	Beneficial Owner	Personal Interests	10,000	0.00 )	0.00
				)	
Law Wai Duen	Beneficial Owner	Personal Interests	1,376,245 <sup>(5)</sup>	0.19 )	34.11
				)	
Lo Hong Sui, Vincent	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	246,937,926 <sup>(3)</sup>	33.78 )	33.78
				)	
Lo Hong Sui, Vincent	Beneficial Owner	Personal Interests	293	0.00 )	33.78
				)	
Lo Hong Sui, Vincent	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	246,937,926 <sup>(3)</sup>	33.78 )	33.78
				)	

## DISCLOSURE OF INTERESTS

Name of Directors	Capacity	Nature of Interests	Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital <sup>(11)</sup>	Total
Lo Ying Sui	Beneficial Owner	Personal Interests	1,500,000	0.21 )	38.98
	Interests of Controlled Corporations	Corporate Interests	36,520,903 <sup>(7)</sup>	4.99 )	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	246,937,926 <sup>(3)</sup>	33.78 )	
Lo Chun Him, Alexander	Beneficial Owner	Personal Interests	1,223,488 <sup>(8)</sup>	0.17 )	0.17
Kan Tak Kwong	Beneficial Owner	Personal Interests	4,637,996 <sup>(9)</sup>	0.63 )	0.63
Chu Shik Pui	Beneficial Owner	Personal Interests	1,949,554 <sup>(10)</sup>	0.27 )	0.27

### Notes:

- (1) Among these interests, 2,678,000 were share options.
- (2) These interests were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies.
- (3) These 246,937,926 shares were owned by a discretionary trust of which Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui are among the discretionary beneficiaries.
- (4) These 5,277,677 shares were held by two companies wholly-owned by Madam Lo To Lee Kwan who is also a director of these companies. Dr. Lo Ka Shui is a director of one of these companies.
- (5) Among these interests, 490,000 were share options.
- (6) Among these interests, 490,000 were share options.
- (7) These 36,520,903 shares were held by a company wholly-owned by Dr. Lo Ying Sui who is also a director of this company.
- (8) Among these interests, 1,095,000 were share options.
- (9) Among these interests, 2,020,000 were share options.
- (10) Among these interests, 1,657,000 were share options.
- (11) This percentage has been compiled based on 731,040,412 shares of the Company in issue as at 30 June 2021.

## DISCLOSURE OF INTERESTS

### Long positions in shares and underlying shares of associated corporations of the Company

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

Champion REIT (Stock Code: 2778), a Hong Kong collective investment scheme authorised under section 104 of the SFO, is accounted for as a subsidiary of the Company. As at 30 June 2021, the Group owned 67.32% interests in Champion REIT. While the definition of “associated corporation” under the SFO caters only to corporations, for the purpose of enhancing the transparency, the interests of the Directors or chief executives of the Company in Champion REIT as at 30 June 2021 are disclosed as follows:

Name of Directors	Total Number of Units/ Underlying Units Held	Percentage of Issued Units <sup>(2)</sup>
Lo Ka Shui	25,965,617 <sup>(1)</sup>	0.44
Lo Ying Sui	239,000	0.00
Chu Shik Pui	8,000	0.00

Notes:

(1) Among these 25,965,617 units:

- (i) 3,592,007 units were held by Dr. Lo Ka Shui personally;
- (ii) 3,258,610 units were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies; and
- (iii) 19,115,000 units were held by a charitable trust of which Dr. Lo Ka Shui is the settlor and a member of the Advisory Committee and Management Committee.

(2) This percentage has been compiled based on 5,921,451,723 units of Champion REIT in issue as at 30 June 2021.

## DISCLOSURE OF INTERESTS

### Langham Hospitality Investments and Langham Hospitality Investments Limited (“LHI”)

LHI (Stock Code: 1270), the share stapled units (the “SSUs”) of which are listed on the Stock Exchange. As at 30 June 2021, the Group owned 69.31% interests in LHI and is therefore a subsidiary of the Company. The holdings of the Directors or chief executives of the Company in LHI as at 30 June 2021 are disclosed as follows:

Name of Directors	Total Number of SSUs/ Underlying SSUs Held	Percentage of Issued SSUs <sup>(3)</sup>
Lo Ka Shui	124,684,250 <sup>(1)</sup>	3.86
Lo To Lee Kwan	306,177 <sup>(2)</sup>	0.01
Wong Yue Chim, Richard	257,610	0.01
Law Wai Duen	3,888,421	0.12
Lo Ying Sui	932,194	0.03

Notes:

- (1) Among these 124,684,250 SSUs:
  - (i) 31,584,000 SSUs were held by Dr. Lo Ka Shui personally;
  - (ii) 3,090,000 SSUs were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies; and
  - (iii) 90,010,250 SSUs were held by a charitable trust of which Dr. Lo Ka Shui is the settlor and a member of the Advisory Committee and Management Committee.
- (2) These SSUs were held by two companies wholly-owned by Madam Lo To Lee Kwan who is also a director of these companies. Dr. Lo Ka Shui is a director of one of these companies.
- (3) This percentage has been compiled based on 3,232,490,232 SSUs of LHI in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, none of the Directors or chief executives of the Company were taken to be interested or deemed to have any other interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## SHARE OPTION SCHEMES

In accordance with the 2019 Share Option Scheme, which was adopted pursuant to an ordinary resolution passed on 22 May 2019, the Board of Directors of the Company may grant options to eligible employees, including Executive Directors of the Company and its subsidiaries, to subscribe for shares in the Company.

Upon the adoption of the 2019 Share Option Scheme on 22 May 2019, the 2009 Share Option Scheme was terminated. Options granted during the life of the 2009 Share Option Scheme and remain unexpired prior to the termination of the 2009 Share Option Scheme continue to be exercisable in accordance with their terms of issue after the termination of the 2009 Share Option Scheme.

### Movements of the Share Options Granted to Employees (including Directors and their Associates)

Details of the movements in the share options granted to the Company's employees (including Directors and their Associates) under the 2009 Share Option Scheme and the 2019 Share Option Scheme during the six months ended 30 June 2021 are as follows:

Date of Grant	Number of Share Options					Exercise Price Per Share (HK\$)	
	Outstanding as at 01/01/2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding as at 30/06/2021		
14/03/2016 <sup>(1)</sup>	1,402,000	–	(873,000)	(529,000)	–	15/03/2018–14/03/2021	25.70
14/03/2017 <sup>(1)</sup>	3,235,000	–	–	(69,000)	3,166,000	15/03/2019–14/03/2022	37.15
14/03/2018 <sup>(1)</sup>	4,206,000	–	–	(102,000)	4,104,000	15/03/2020–14/03/2023	42.40
08/05/2018 <sup>(1)</sup>	300,000	–	–	–	300,000	09/05/2020–08/05/2023	38.83
14/03/2019 <sup>(1)</sup>	4,858,000	–	–	(110,000)	4,748,000	15/03/2021–14/03/2024	39.05
18/03/2020 <sup>(2)</sup>	5,312,000	–	–	(114,000)	5,198,000	19/03/2022–18/03/2025	21.65
18/03/2021 <sup>(2)</sup>	–	4,990,000 <sup>(3)</sup>	–	(92,000)	4,898,000	19/03/2023–18/03/2026	28.45
<b>Total</b>	<b>19,313,000</b>	<b>4,990,000</b>	<b>(873,000)</b>	<b>(1,016,000)</b>	<b>22,414,000</b>		

Notes:

- (1) Share options were granted under the 2009 Share Option Scheme.
- (2) Share options were granted under the 2019 Share Option Scheme.
- (3) During the six months ended 30 June 2021, 1,692,000 share options were granted to the Directors of the Company and their Associates, while 3,298,000 share options were granted to eligible employees of the Group. Please refer to the announcement of the Company dated 18 March 2021 for details.
- (4) During the six months ended 30 June 2021, no share option was cancelled.
- (5) Consideration paid for acceptance of each grant of share options was HK\$1.00.
- (6) The vesting period for the share options granted is 24 months after the date of grant.
- (7) The closing price of the shares of the Company immediately before the date of grant of 18 March 2021, i.e. 17 March 2021 was HK\$28.80 (According to the price adjustment method released by HKEX in relation to special cash dividend, the closing price was subsequently adjusted to HK\$28.289).

## DISCLOSURE OF INTERESTS

On 18 March 2021, a total of 1,656,000 share options of the Company were granted to the following Executive Directors of the Company and according to the Company's share accounting policy, the following option value in respect of the aforesaid options are accounted for over the vesting period from 19 March 2023 to 18 March 2026 as non-cash emoluments of the respective Executive Directors:

Name of Executive Directors	Number of Options	Option Value* (HK\$)
Lo Ka Shui ( <i>Chairman and Managing Director</i> )	612,000	4,216,680
Lo Hong Sui, Antony	90,000	620,100
Law Wai Duen	90,000	620,100
Lo Chun Him, Alexander	207,000	1,426,230
Kan Tak Kwong ( <i>General Manager</i> )	360,000	2,480,400
Chu Shik Pui	297,000	2,046,330

\* Further details of the share options are set out in note 27 to the Condensed Consolidated Financial Statements on page 84 of this interim report.

### Movements of the Share Options Granted to Directors

Details of the movements in the share options granted to Directors of the Company (some are also substantial Shareholders) under the 2009 Share Option Scheme and 2019 Share Option Scheme as required to be disclosed according to Rule 17.07 of the Listing Rules during the six months ended 30 June 2021 are as follows:

Directors	Date of Grant	Number of Share Options				Outstanding as at 30/06/2021	Exercise Price Per Share (HK\$)	Weighted Average Closing Price Immediately Before the Date of Exercise (HK\$)
		Outstanding as at 01/01/2021	Granted during the Period	Exercised during the Period	Lapsed during the Period			
Lo Ka Shui	14/03/2018 <sup>(1)</sup>	688,000	–	–	–	688,000	42.40	–
	14/03/2019 <sup>(1)</sup>	698,000	–	–	–	698,000	39.05	–
	18/03/2020 <sup>(2)</sup>	680,000	–	–	–	680,000	21.65	–
	18/03/2021 <sup>(2)</sup>	–	612,000	–	–	612,000	28.45	–
		2,066,000	612,000	–	–	2,678,000		
Lo Hong Sui, Antony	14/03/2016 <sup>(1)</sup>	100,000	–	(100,000)	–	–	25.70	26.54
	14/03/2017 <sup>(1)</sup>	100,000	–	–	–	100,000	37.15	–
	14/03/2018 <sup>(1)</sup>	100,000	–	–	–	100,000	42.40	–
	14/03/2019 <sup>(1)</sup>	100,000	–	–	–	100,000	39.05	–
	18/03/2020 <sup>(2)</sup>	100,000	–	–	–	100,000	21.65	–
	18/03/2021 <sup>(2)</sup>	–	90,000	–	–	90,000	28.45	–
		500,000	90,000	(100,000)	–	490,000		

DISCLOSURE OF INTERESTS

Directors	Date of Grant	Number of Share Options				Outstanding as at 30/06/2021	Exercise Price Per Share (HK\$)	Weighted Average Closing Price Immediately Before the
		Outstanding as at 01/01/2021	Granted during the Period	Exercised during the Period	Lapsed during the Period			Date of Exercise (HK\$)
Law Wai Duen	14/03/2017 <sup>(1)</sup>	100,000	–	–	–	100,000	37.15	–
	14/03/2018 <sup>(1)</sup>	100,000	–	–	–	100,000	42.40	–
	14/03/2019 <sup>(1)</sup>	100,000	–	–	–	100,000	39.05	–
	18/03/2020 <sup>(2)</sup>	100,000	–	–	–	100,000	21.65	–
	18/03/2021 <sup>(2)</sup>	–	90,000	–	–	90,000	28.45	–
		400,000	90,000	–	–	490,000		
Lo Chun Him, Alexander	14/03/2016 <sup>(1)</sup>	100,000	–	(100,000)	–	–	25.70	26.54
	14/03/2017 <sup>(1)</sup>	200,000	–	–	–	200,000	37.15	–
	14/03/2018 <sup>(1)</sup>	220,000	–	–	–	220,000	42.40	–
	14/03/2019 <sup>(1)</sup>	238,000	–	–	–	238,000	39.05	–
	18/03/2020 <sup>(2)</sup>	230,000	–	–	–	230,000	21.65	–
18/03/2021 <sup>(2)</sup>	–	207,000	–	–	207,000	28.45	–	
		988,000	207,000	(100,000)	–	1,095,000		
Kan Tak Kwong	14/03/2016 <sup>(1)</sup>	310,000	–	–	(310,000)	–	25.70	–
	14/03/2017 <sup>(1)</sup>	380,000	–	–	–	380,000	37.15	–
	14/03/2018 <sup>(1)</sup>	430,000	–	–	–	430,000	42.40	–
	14/03/2019 <sup>(1)</sup>	450,000	–	–	–	450,000	39.05	–
	18/03/2020 <sup>(2)</sup>	400,000	–	–	–	400,000	21.65	–
18/03/2021 <sup>(2)</sup>	–	360,000	–	–	360,000	28.45	–	
		1,970,000	360,000	–	(310,000)	2,020,000		
Chu Shik Pui	14/03/2016 <sup>(1)</sup>	200,000	–	(200,000)	–	–	25.70	26.54
	14/03/2017 <sup>(1)</sup>	300,000	–	–	–	300,000	37.15	–
	14/03/2018 <sup>(1)</sup>	350,000	–	–	–	350,000	42.40	–
	14/03/2019 <sup>(1)</sup>	380,000	–	–	–	380,000	39.05	–
	18/03/2020 <sup>(2)</sup>	330,000	–	–	–	330,000	21.65	–
18/03/2021 <sup>(2)</sup>	–	297,000	–	–	297,000	28.45	–	
		1,560,000	297,000	(200,000)	–	1,657,000		
Associates of Directors of the Company <sup>(7)</sup>	14/03/2016 <sup>(1)</sup>	152,000	–	(100,000)	(52,000)	–	25.70	26.54
	14/03/2017 <sup>(1)</sup>	230,000	–	–	–	230,000	37.15	–
	14/03/2018 <sup>(1)</sup>	40,000	–	–	–	40,000	42.40	–
	14/03/2019 <sup>(1)</sup>	60,000	–	–	–	60,000	39.05	–
	18/03/2020 <sup>(2)</sup>	40,000	–	–	–	40,000	21.65	–
18/03/2021 <sup>(2)</sup>	–	36,000	–	–	36,000	28.45	–	
		522,000	36,000	(100,000)	(52,000)	406,000		

DISCLOSURE OF INTERESTS

Directors	Date of Grant	Number of Share Options				Outstanding as at 30/06/2021	Exercise Price Per Share (HK\$)	Weighted Average Closing Price Immediately Before the
		Outstanding as at 01/01/2021	Granted during the Period	Exercised during the Period	Lapsed during the Period			Date of Exercise (HK\$)
Eligible Employees (other than Directors of the Company and their Associates)	14/03/2016 <sup>(1)</sup>	540,000	–	(373,000)	(167,000)	–	25.70	26.54
	14/03/2017 <sup>(1)</sup>	1,925,000	–	–	(69,000)	1,856,000	37.15	–
	14/03/2018 <sup>(1)</sup>	2,278,000	–	–	(102,000)	2,176,000	42.40	–
	08/05/2018 <sup>(1)</sup>	300,000	–	–	–	300,000	38.83	–
	14/03/2019 <sup>(1)</sup>	2,832,000	–	–	(110,000)	2,722,000	39.05	–
	18/03/2020 <sup>(2)</sup>	3,432,000	–	–	(114,000)	3,318,000	21.65	–
	18/03/2021 <sup>(2)</sup>	–	3,298,000	–	(92,000)	3,206,000	28.45	–
		11,307,000	3,298,000	(373,000)	(654,000)	13,578,000		

Notes:

- (1) Share options were granted under the 2009 Share Option Scheme.  
Share options granted on 14/03/2016 are exercisable during the period from 15/03/2018 to 14/03/2021.  
Share options granted on 14/03/2017 are exercisable during the period from 15/03/2019 to 14/03/2022.  
Share options granted on 14/03/2018 are exercisable during the period from 15/03/2020 to 14/03/2023.  
Share options granted on 08/05/2018 are exercisable during the period from 09/05/2020 to 08/05/2023.  
Share options granted on 14/03/2019 are exercisable during the period from 15/03/2021 to 14/03/2024.
- (2) Share options were granted under the 2019 Share Option Scheme.  
Share options granted on 18/03/2020 are exercisable during the period from 19/03/2022 to 18/03/2025.  
Share options granted on 18/03/2021 are exercisable during the period from 19/03/2023 to 18/03/2026.
- (3) During the six months ended 30 June 2021, no share option was cancelled.
- (4) Consideration paid for acceptance of each grant of share options was HK\$1.00.
- (5) The vesting period for the share options granted is 24 months after the date of grant.
- (6) The closing price of the shares of the Company immediately before the date of grant of 18 March 2021, i.e. 17 March 2021 was HK\$28.80 (According to the price adjustment method released by HKEX in relation to special cash dividend, the closing price was subsequently adjusted to HK\$28.289).
- (7) Being share options held by Mr. Lo Kai Shui, Ms. Lo Bo Lun, Katherine, Mr. Lo Chun Cheong and Mr. Lo Chun Lai, Andrew.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2021, the interests and short positions of persons (other than the Directors or chief executives of the Company) in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO as having an interest in 5% or more of the issued share capital of the Company are as follows:

### Long positions in shares of the Company

Name of Shareholders	Total Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital <sup>(6)</sup>
HSBC International Trustee Limited	315,009,622 <sup>(1)</sup>	43.09
Powermax Agents Limited	246,937,926 <sup>(2)</sup>	33.78
Surewit Finance Limited	43,966,341 <sup>(3)</sup>	6.01
Eagle Guardian Limited	40,496,269 <sup>(4)</sup>	5.54
Mind Reader Limited	45,618,774 <sup>(5)</sup>	6.24

Notes:

- (1) Among these shares held by HSBC International Trustee Limited ("HITL"), certain Directors of the Company have interests in the following manner;
  - (i) 246,937,926 shares representing 33.78% of the issued share capital of the Company were held in the name of HITL as a trustee of a discretionary trust, of which Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, are among the discretionary beneficiaries.
  - (ii) 64,472,192 shares representing 8.82% of the issued share capital of the Company were held in the name of HITL as a trustee of another discretionary trust, of which Dr. Lo Ka Shui is the founder.
- (2) Powermax Agents Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 246,937,926 shares held by it related to the same parcel of shares referred to in Note (1)(i) above.
- (3) Surewit Finance Limited is wholly-owned by HITL in the capacity of a trustee of a discretionary trust and the said 43,966,341 shares held by it were among the shares referred to in Note (1)(ii) above. Dr. Lo Ka Shui is a director of this company.
- (4) Eagle Guardian Limited is a company wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of this company.
- (5) Mind Reader Limited is a company wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of this company.
- (6) This percentage has been compiled based on 731,040,412 shares of the Company in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, no person (other than Directors or chief executives of the Company) whose interests in shares, underlying shares and debentures of the Company are set out on pages 34 and 35) was interested (or deemed to be interested) or held any short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

## TO THE BOARD OF DIRECTORS OF GREAT EAGLE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Great Eagle Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 44 to 90, which comprise the condensed consolidated statement of financial position as of 30 June 2021 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKAS 34”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

#### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

26 August 2021

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

	NOTES	Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	<b>3,569,320</b>	2,724,360
Cost of goods and services		<b>(2,109,061)</b>	(1,747,850)
Operating profit before depreciation		<b>1,460,259</b>	976,510
Depreciation		<b>(412,478)</b>	(409,704)
Operating profit		<b>1,047,781</b>	566,806
Fair value changes on investment properties		<b>(1,864,615)</b>	(9,403,077)
Fair value changes on derivative financial instruments		<b>167,037</b>	(114,818)
Fair value changes on financial assets at fair value through profit or loss		<b>26,585</b>	(3,421)
Other income	5	<b>146,322</b>	207,637
Administrative and other expenses		<b>(203,182)</b>	(229,115)
Finance costs	6	<b>(367,073)</b>	(403,189)
Share of results of joint ventures		<b>19,823</b>	13,925
Share of results of associates		<b>3,598</b>	4,338
Loss before tax	7	<b>(1,023,724)</b>	(9,360,914)
Income taxes	8	<b>(138,777)</b>	(61,222)
Loss for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT		<b>(1,162,501)</b>	(9,422,136)
Loss for the period attributable to:			
Owners of the Company		<b>(783,974)</b>	(6,512,770)
Non-controlling interests		<b>(14,091)</b>	(73,954)
Non-controlling unitholders of Champion REIT		<b>(798,065)</b>	(6,586,724)
		<b>(364,436)</b>	(2,835,412)
		<b>(1,162,501)</b>	(9,422,136)
Loss per share:	10		
Basic		<b>HK\$(1.09)</b>	HK\$(9.05)
Diluted		<b>HK\$(1.09)</b>	HK\$(9.05)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period, before deducting the amounts attributable to non-controlling unitholders of Champion REIT	<b>(1,162,501)</b>	(9,422,136)
<b>Other comprehensive income (expense):</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value gain (loss) on equity instruments at fair value through other comprehensive income	<b>250,077</b>	(75,876)
Share of other comprehensive income (expense) of an associate	<b>2,746</b>	(10,680)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>(88,109)</b>	(190,347)
Cash flow hedges:		
Fair value adjustment on cross currency swaps and interest rate swaps designated as cash flow hedges	<b>6,122</b>	(131,125)
Reclassification of fair value adjustments to profit or loss	<b>36,509</b>	9,730
Other comprehensive income (expense) for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	<b>207,345</b>	(398,298)
Total comprehensive expense for the period, before deducting amounts attributable to non-controlling unitholders of Champion REIT	<b>(955,156)</b>	(9,820,434)
Total comprehensive expense for the period attributable to:		
Owners of the Company	<b>(624,330)</b>	(6,868,427)
Non-controlling interests	<b>(13,746)</b>	(75,888)
	<b>(638,076)</b>	(6,944,315)
Non-controlling unitholders of Champion REIT	<b>(317,080)</b>	(2,876,119)
	<b>(955,156)</b>	(9,820,434)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
	NOTES		
<b>Non-current assets</b>			
Investment properties	11	<b>71,289,201</b>	73,111,626
Property, plant and equipment	11	<b>21,583,843</b>	21,565,777
Interests in joint ventures	12	<b>350,663</b>	94,767
Interests in associates	13	<b>55,187</b>	53,268
Equity instruments at fair value through other comprehensive income	14	<b>1,536,632</b>	1,065,589
Notes and loan receivables	15	<b>790,928</b>	995,203
Derivative financial instruments	20, 21	<b>2,496</b>	–
		<b>95,608,950</b>	96,886,230
<b>Current assets</b>			
Stock of properties	16	<b>12,477,413</b>	3,430,283
Inventories		<b>82,895</b>	105,886
Debtors, deposits and prepayments	17	<b>729,624</b>	734,060
Notes and loan receivables	15	<b>2,057,514</b>	2,318,802
Financial assets at fair value through profit or loss	18	<b>444,181</b>	463,846
Derivative financial instruments	20, 21	–	20,954
Tax recoverable		<b>20,569</b>	78,189
Restricted cash		<b>170,297</b>	171,745
Time deposits with original maturity over three months		–	191,485
Bank balances and cash		<b>6,803,484</b>	7,378,111
		<b>22,785,977</b>	14,893,361
<b>Current liabilities</b>			
Creditors, deposits and accruals	19	<b>6,568,486</b>	5,035,056
Derivative financial instruments	20, 21	<b>24,397</b>	49,980
Provision for taxation		<b>594,306</b>	459,097
Distribution payable		<b>232,296</b>	246,761
Borrowings due within one year	22	<b>13,953,588</b>	4,659,429
Medium term notes	23	<b>643,000</b>	–
Lease liabilities	24	<b>8,459</b>	9,267
		<b>22,024,532</b>	10,459,590
<b>Net current assets</b>		<b>761,445</b>	4,433,771
<b>Total assets less current liabilities</b>		<b>96,370,395</b>	101,320,001

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

		At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
	NOTES		
<b>Non-current liabilities</b>			
Derivative financial instruments	20, 21	<b>186,448</b>	394,657
Borrowings due after one year	22	<b>14,697,899</b>	17,147,860
Medium term notes	23	<b>6,977,371</b>	7,608,548
Deferred taxation		<b>1,248,687</b>	1,282,957
Lease liabilities	24	<b>6,880</b>	11,114
		<b>23,117,285</b>	26,445,136
<b>NET ASSETS</b>		<b>73,253,110</b>	74,874,865
Equity attributable to:			
Owners of the Company			
Share capital	25	<b>365,520</b>	359,960
Share premium and reserves		<b>57,410,729</b>	58,451,432
		<b>57,776,249</b>	58,811,392
Non-controlling interests		<b>(616,526)</b>	(607,648)
		<b>57,159,723</b>	58,203,744
Net assets attributable to non-controlling unitholders of Champion REIT		<b>16,093,387</b>	16,671,121
		<b>73,253,110</b>	74,874,865

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company												Amount attributable to non-controlling unitholders			
	Share capital	Share premium	Investment revaluation reserve	Property revaluation reserve	Capital redemption reserve	Contributed surplus	Exchange translation reserve	Share option reserve	Hedging reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests	Total equity	of Champion REIT	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020 (audited)	354,191	6,293,250	(17,185)	23,109	3,054	400,965	(724,206)	80,354	29,498	8,196,100	54,283,167	68,922,297	(913,557)	68,008,740	21,901,034	89,909,774
Loss for the period	-	-	-	-	-	-	-	-	-	-	(6,512,770)	(6,512,770)	(73,954)	(6,586,724)	(2,835,412)	(9,422,136)
Fair value loss on equity instruments at fair value through other comprehensive income	-	-	(75,876)	-	-	-	-	-	-	-	-	(75,876)	-	(75,876)	-	(75,876)
Change in fair value of cash flow hedges	-	-	-	-	-	-	-	(80,688)	-	-	-	(80,688)	-	(80,688)	(40,707)	(121,395)
Exchange differences arising on translation of foreign operations	-	-	(323)	-	-	-	(188,392)	-	-	302	-	(188,413)	(1,934)	(190,347)	-	(190,347)
Share of other comprehensive expense of an associate	-	-	(10,680)	-	-	-	-	-	-	-	-	(10,680)	-	(10,680)	-	(10,680)
Total comprehensive (expense) income for the period	-	-	(86,879)	-	-	-	(188,392)	-	(80,688)	302	(6,512,770)	(6,868,427)	(75,888)	(6,944,315)	(2,876,119)	(9,820,434)
Transaction with non-controlling unitholders of Champion REIT:																
Distribution to non-controlling unitholders of Champion REIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(241,633)	(241,633)
Transactions with owners:																
Dividend paid (note 9)	-	-	-	-	-	-	-	-	-	-	(708,381)	(708,381)	-	(708,381)	-	(708,381)
Transfer of loss on disposal of equity instruments at fair value through other comprehensive income	-	-	(160)	-	-	-	-	-	-	-	160	-	-	-	-	-
Shares issued at premium	5,769	228,684	-	-	-	-	-	-	-	-	-	234,453	-	234,453	-	234,453
Share issue expenses	-	(3)	-	-	-	-	-	-	-	-	-	(3)	-	(3)	-	(3)
Recognition of equity-settled share based payments	-	-	-	-	-	-	-	7,608	-	-	-	7,608	-	7,608	-	7,608
Increase of interests in subsidiaries (note b)	-	-	-	-	-	-	-	-	-	143,717	-	143,717	12,854	156,571	(228,278)	(71,707)
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(26,543)	(26,543)	-	(26,543)
At 30 June 2020 (unaudited)	359,960	6,521,931	(104,224)	23,109	3,054	400,965	(912,598)	87,962	(51,190)	8,340,119	47,062,176	61,731,264	(1,003,134)	60,728,130	18,555,004	79,283,134

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company													Amount attributable to non-controlling unitholders	Total		
	Share capital	Share premium	Investment revaluation reserve	Property revaluation reserve	Capital redemption reserve	Contributed surplus	Exchange translation reserve	Share option reserve	Hedging reserve	Other reserves	Retained profits	Sub-total	Non-controlling interests			Total equity	of Champion REIT
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note a)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000	HK\$'000
At 1 January 2021 (audited)	359,960	6,521,930	(52,204)	23,109	3,054	400,965	(377,372)	93,662	(83,612)	8,205,043	43,716,857	58,811,392	(607,648)	58,203,744	16,671,121	74,874,865	
Loss for the period	-	-	-	-	-	-	-	-	-	-	(783,974)	(783,974)	(14,091)	(798,065)	(364,436)	(1,162,501)	
Fair value gain on equity instruments at fair value through other comprehensive income	-	-	216,708	-	-	-	-	-	-	-	-	216,708	-	216,708	33,369	250,077	
Change in fair value of cash flow hedges	-	-	-	-	-	-	-	28,575	-	-	-	28,575	-	28,575	14,056	42,631	
Exchange differences arising on translation of foreign operations	-	-	525	-	-	-	(88,829)	-	-	(81)	-	(88,385)	345	(88,040)	(69)	(88,109)	
Share of other comprehensive expense of an associate	-	-	2,746	-	-	-	-	-	-	-	-	2,746	-	2,746	-	2,746	
Total comprehensive income (expense) for the period	-	-	219,979	-	-	-	(88,829)	-	28,575	(81)	(783,974)	(624,330)	(13,746)	(638,076)	(317,080)	(955,156)	
Transaction with non-controlling unitholders of Champion REIT: Distribution to non-controlling unitholders of Champion REIT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(232,296)	(232,296)	
Transactions with owners:																	
Dividend paid (note 9)	-	-	-	-	-	-	-	-	-	(720,792)	(720,792)	-	(720,792)	-	(720,792)		
Shares issued at premium	5,124	279,036	-	-	-	-	-	(2,698)	-	-	-	281,462	-	281,462	-	281,462	
Share issue expenses	-	(66)	-	-	-	-	-	-	-	-	-	(66)	-	(66)	-	(66)	
Recognition of equity-settled share based payments	436	-	-	-	-	-	-	7,797	-	-	-	8,233	-	8,233	-	8,233	
Increase of interests in subsidiaries (note b)	-	-	-	-	-	-	-	-	-	20,350	-	20,350	4,868	25,218	(28,358)	(3,140)	
At 30 June 2021 (unaudited)	365,520	6,800,900	167,775	23,109	3,054	400,965	(466,201)	98,761	(55,037)	8,225,312	42,212,091	57,776,249	(616,526)	57,159,723	16,093,387	73,253,110	

### Notes:

- (a) Contributed surplus represents the surplus arising under the Scheme of Arrangement undertaken by the Group in 1989/90. Under the Bermuda Companies Act, the contributed surplus of the Group is available for distribution to shareholders.
- (b) It mainly represents the effect from the Group's increase in interests in Champion REIT and Langham (both defined in note 4) upon the settlement of management fees in units and purchase of units of Champion REIT and Langham from the market by the Group.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Cash generated from operations	<b>634,922</b>	3,799,852
Hong Kong Profits Tax paid	<b>(65,470)</b>	(352,901)
Other jurisdictions tax paid	<b>(1,504)</b>	(44,143)
Hong Kong Profits Tax refunded	<b>1,623</b>	18
Other jurisdictions tax refunded	<b>83,536</b>	405
<b>Net cash from operating activities</b>	<b>653,107</b>	3,403,231
<b>Investing activities</b>		
Additions of equity instruments at fair value through other comprehensive income	<b>(220,441)</b>	(13,812)
Additions of financial assets at fair value through profit or loss	<b>(201,062)</b>	(440,550)
Additions of investment properties	<b>(45,507)</b>	(88,068)
Additions of property, plant and equipment	<b>(561,745)</b>	(672,551)
Additions of notes receivables	<b>(775,350)</b>	(121,058)
Advance of loan receivables	<b>(6,257)</b>	(127,551)
Withdrawal of restricted cash	<b>10,682</b>	69,879
Placement of restricted cash	<b>(8,084)</b>	(36)
Dividends received from associates	<b>4,425</b>	2,374
Interest received	<b>72,368</b>	169,568
Investment in a joint venture	<b>(297,616)</b>	–
Repayment from a joint venture	<b>61,454</b>	–
Proceeds on disposal of financial assets at fair value through profit or loss	<b>266,590</b>	–
Proceeds on disposal of equity instruments at fair value through other comprehensive income	–	6,977
Proceeds on redemption of loan receivable	<b>36,701</b>	–
Proceeds on redemption of notes receivable	<b>451,765</b>	15,502
Proceeds on disposal of property, plant and equipment	<b>135</b>	12
Placement of time deposits with original maturity over three months	–	(410,028)
Withdrawal of time deposits with original maturity over three months	<b>191,485</b>	–
<b>Net cash used in investing activities</b>	<b>(1,020,457)</b>	(1,609,342)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)
<b>Financing activities</b>		
Change of interests in subsidiaries	<b>(3,035)</b>	(71,707)
Bank loans origination fees	<b>(26,391)</b>	(14,596)
Distribution paid to non-controlling unitholders of Champion REIT	<b>(246,597)</b>	(264,378)
Distribution paid to non-controlling interests	–	(26,543)
Dividends paid to shareholders	<b>(461,330)</b>	(473,928)
Interest paid	<b>(445,549)</b>	(429,795)
Issue of shares	<b>22,370</b>	–
New bank loans raised	<b>4,431,197</b>	519,650
Proceeds from issuance of medium term notes	–	2,325,450
Redemption of medium term notes	–	(200,000)
Repayments of bank loans	<b>(3,486,868)</b>	(1,989,268)
Repayments of leases liabilities	<b>(5,109)</b>	(6,507)
Interest paid for lease	<b>(375)</b>	(573)
Transaction costs for issuance of medium term notes	–	(37,684)
<b>Net cash used in financing activities</b>	<b>(221,687)</b>	(669,879)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(589,037)</b>	1,124,010
Effect of foreign exchange rate changes	<b>14,410</b>	(76,545)
Cash and cash equivalents at 1 January	<b>7,378,111</b>	10,706,504
<b>Cash and cash equivalents at 30 June</b>	<b>6,803,484</b>	11,753,969

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 1. BASIS OF PREPARATION

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

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries continue to have 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 continue to provide 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, segment loss of hotel operation, and receipt of government grants in respect of COVID-19-related subsidies as disclosed in the relevant notes.

## 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 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 Group’s annual financial statements for the year ended 31 December 2020.

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group’s 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

Except as described below, the application of 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 these condensed consolidated financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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”

#### Accounting policies

##### *Financial instruments*

#### Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For 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, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of 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).

#### Hedge accounting

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

#### Cash flows hedges

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash are determined.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****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” (continued)****Transition and summary of effects**

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for medium term notes under Hong Kong Interbank Offered Rate (“HIBOR”) and bank loans measured at amortised cost under HIBOR and London Interbank Offered Rate. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts 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 Group’s consolidated financial statements for the year ending 31 December 2021.

**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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Hotel income	<b>1,003,551</b>	972,683
Rental income from investment properties	<b>1,303,514</b>	1,388,705
Building management service income	<b>145,923</b>	155,179
Sales of properties	<b>976,654</b>	45,919
Sales of goods	<b>46,902</b>	69,322
Dividend income	<b>9,069</b>	6,250
Others	<b>83,707</b>	86,302
	<b>3,569,320</b>	2,724,360

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 3. REVENUE (CONTINUED)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

#### Six months ended 30 June 2021

	Hotel operation HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Property development HK\$'000 (unaudited)	Other operations HK\$'000 (unaudited)	Sub- total HK\$'000 (unaudited)	Champion REIT HK\$'000 (unaudited)	Langham HK\$'000 (unaudited)	US Real Estate Fund HK\$'000 (unaudited)	Eliminations/ reclassifications HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
Hotel income	1,010,089	-	-	-	1,010,089	-	112,537	-	(119,075)	1,003,551
Building management service income	-	11,765	-	-	11,765	137,739	-	-	(3,581)	145,923
Sales of properties	-	-	957,622	-	957,622	-	-	19,032	-	976,654
Sales of goods	-	-	-	46,902	46,902	-	-	-	-	46,902
Others	-	-	-	269,831	269,831	-	-	-	(186,124)	83,707
Revenue from contracts with customers	1,010,089	11,765	957,622	316,733	2,296,209	137,739	112,537	19,032	(308,780)	2,256,737
Rental income from investment properties	-	64,635	-	-	64,635	1,259,581	-	14,918	(35,620)	1,303,514
Dividend income	-	-	-	8,682	8,682	-	-	-	387	9,069
	1,010,089	76,400	957,622	325,415	2,369,526	1,397,320	112,537	33,950	(344,013)	3,569,320

#### 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)
Hotel income	979,348	-	-	-	979,348	-	103,921	-	(110,586)	972,683
Building management service income	-	13,402	-	-	13,402	145,579	-	-	(3,802)	155,179
Sales of properties	-	-	-	-	-	-	-	45,919	-	45,919
Sales of goods	-	-	-	69,322	69,322	-	-	-	-	69,322
Others	-	-	-	277,770	277,770	-	-	-	(191,468)	86,302
Revenue from contracts with customers	979,348	13,402	-	347,092	1,339,842	145,579	103,921	45,919	(305,856)	1,329,405
Rental income from investment properties	-	83,308	-	-	83,308	1,342,261	962	3,312	(41,138)	1,388,705
Dividend income	-	-	-	6,250	6,250	-	-	-	-	6,250
	979,348	96,710	-	353,342	1,429,400	1,487,840	104,883	49,231	(346,994)	2,724,360

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**3. REVENUE (CONTINUED)**

Disaggregation of revenue from contracts with customers:

– by source of revenue:

**Six months ended 30 June 2021**

	Revenue recognised at a point in time HK\$'000 (unaudited)	Revenue recognised over time HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Hotel income			
– room revenue	–	440,880	440,880
– food & beverage revenue	456,201	–	456,201
– others	65,380	41,090	106,470
Building management service income	–	145,923	145,923
Sales of properties	976,654	–	976,654
Sales of goods	44,825	2,077	46,902
Others	–	83,707	83,707
Revenue from contracts with customers	1,543,060	713,677	2,256,737
Rental income from investment properties			1,303,514
Dividend income			9,069
			3,569,320

Six months ended 30 June 2020

	Revenue recognised at a point in time HK\$'000 (unaudited)	Revenue recognised over time HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Hotel income			
– room revenue	–	450,482	450,482
– food & beverage revenue	359,752	–	359,752
– others	52,998	109,451	162,449
Building management service income	–	155,179	155,179
Sales of properties	45,919	–	45,919
Sales of goods	65,576	3,746	69,322
Others	–	86,302	86,302
Revenue from contracts with customers	524,245	805,160	1,329,405
Rental income from investment properties			1,388,705
Dividend income			6,250
			2,724,360

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**3. REVENUE (CONTINUED)**

Disaggregation of revenue from contracts with customers: (continued)

– by geographical locations:

**Six months ended 30 June 2021**

	Revenue recognised at a point in time HK\$'000 (unaudited)	Revenue recognised over time HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Hong Kong	1,236,720	309,854	1,546,574
The USA	83,499	141,568	225,067
Canada	2,581	22,820	25,401
The United Kingdom	13,460	14,642	28,102
Australia	66,935	60,926	127,861
New Zealand	66,717	34,770	101,487
The Mainland China	72,165	128,284	200,449
Others	983	813	1,796
Revenue from contracts with customers	1,543,060	713,677	2,256,737
Rental income from investment properties			1,303,514
Dividend income			9,069
			3,569,320

Six months ended 30 June 2020

	Revenue recognised at a point in time HK\$'000 (unaudited)	Revenue recognised over time HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Hong Kong	207,166	364,632	571,798
The USA	168,674	155,403	324,077
Canada	13,233	63,851	77,084
The United Kingdom	36,837	65,282	102,119
Australia	35,574	60,258	95,832
New Zealand	28,492	39,886	68,378
The Mainland China	34,208	55,308	89,516
Others	61	540	601
Revenue from contracts with customers	524,245	805,160	1,329,405
Rental income from investment properties			1,388,705
Dividend income			6,250
			2,724,360

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 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, rental income 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 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 2021

	Hotel operation	Property investment	Property development	Other operations	Sub-total	Champion REIT	Langham	US Real Estate Fund	Eliminations/ reclassifications	Consolidated
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited) (note 2)	HK\$'000 (unaudited) (note 3)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
<b>REVENUE</b>										
External revenue	1,002,590	75,703	957,622	139,291	2,175,206	1,358,816	961	33,950	387	3,569,320
Inter-segment revenue	7,499	697	-	186,124	194,320	38,504	111,576	-	(344,400)	-
<b>Total</b>	<b>1,010,089</b>	<b>76,400</b>	<b>957,622</b>	<b>325,415</b>	<b>2,369,526</b>	<b>1,397,320</b>	<b>112,537</b>	<b>33,950</b>	<b>(344,013)</b>	<b>3,569,320</b>
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.										
<b>RESULTS</b>										
Segment results	(270,598)	54,254	424,277	239,996	447,929	995,557	92,478	4,849	(33,228)	1,507,585
Depreciation					(306,613)	-	(112,089)	(188)	6,412	(412,478)
Operating profit after depreciation					141,316	995,557	(19,611)	4,661	(26,816)	1,095,107
Fair value changes on investment properties					(60,248)	(1,809,000)	-	3,933	700	(1,864,615)
Fair value changes on derivative financial instruments					142,713	-	24,324	-	-	167,037
Fair value changes on financial assets at FVTPL					26,585	-	-	-	-	26,585
Other income					5,119	387	581	315	(1,445)	4,957
Administrative and other expenses					(184,284)	(11,659)	(6,105)	(2,275)	1,141	(203,182)
Net finance costs					(30,284)	(184,320)	(59,664)	(2,148)	3,382	(273,034)
Share of results of joint ventures					(5,966)	25,789	-	-	-	19,823
Share of results of associates					3,598	-	-	-	-	3,598
Profit (loss) before tax					38,549	(983,246)	(60,475)	4,486	(23,038)	(1,023,724)
Income taxes					(14,611)	(131,918)	6,888	-	864	(138,777)
Profit (loss) for the period					23,938	(1,115,164)	(53,587)	4,486	(22,174)	(1,162,501)
Less: (Profit) loss attributable to non-controlling interests/ non-controlling unitholders of Champion REIT					(102)	364,436	16,438	(2,245)	-	378,527
Profit (loss) attributable to owners of the Company					23,836	(750,728)	(37,149)	2,241	(22,174)	(783,974)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 4. SEGMENT INFORMATION (CONTINUED)

#### Segment revenue and results (continued)

Six months ended 30 June 2020

	Hotel operation HK\$'000 (unaudited)	Property investment HK\$'000 (unaudited)	Property development HK\$'000 (unaudited) (note 1)	Other operations HK\$'000 (unaudited)	Sub-total HK\$'000 (unaudited)	Champion REIT HK\$'000 (unaudited)	Langham HK\$'000 (unaudited) (note 2)	US Real Estate Fund HK\$'000 (unaudited) (note 3)	Eliminations HK\$'000 (unaudited)	Consolidated HK\$'000 (unaudited)
<b>REVENUE</b>										
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)	–
<b>Total</b>	<b>979,348</b>	<b>96,710</b>	<b>–</b>	<b>353,342</b>	<b>1,429,400</b>	<b>1,487,840</b>	<b>104,883</b>	<b>49,231</b>	<b>(346,994)</b>	<b>2,724,360</b>
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.										
<b>RESULTS</b>										
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 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 (profit) attributable to non-controlling interests/ non-controlling unitholders of Champion REIT					(872)	2,835,412	70,884	3,942	–	2,909,366
Loss attributable to owners of the Company					(729,182)	(5,656,391)	(124,000)	(3,939)	742	(6,512,770)

Notes:

- There were no revenue and segment result recognised during the prior period as the properties directly held were under development.
- The inter-segment revenue of Langham mainly includes the rental income of three hotel properties receivable from Great Eagle.
- During the period, income from sale of properties and rental income of HK\$19,032,000 (2020: HK\$45,919,000) and HK\$14,918,000 (2020: HK\$3,312,000), respectively, were recognised by the US Real Estate Fund.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**4. SEGMENT INFORMATION (CONTINUED)**

**Segment assets and liabilities**

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

**30 June 2021**

	Assets HK\$'000 (unaudited)	Liabilities HK\$'000 (unaudited)	Net Assets HK\$'000 (unaudited)
Hotel operation (note a)	19,112,010	7,214,726	11,897,284
Property investment (note a)	6,052,413	61,070	5,991,343
Property development (note a)	12,830,637	9,672,355	3,158,282
Other operations (note a)	530,975	222,407	308,568
Unallocated	6,536,747	2,087,493	4,449,254
Great Eagle Operations (note b)	45,062,782	19,258,051	25,804,731
Champion REIT (note c)	46,288,250	12,657,741	33,630,509
Langham (note d)	10,092,614	4,804,719	5,287,895
US Real Estate Fund (note e)	453,155	180,799	272,356

**31 December 2020**

	Assets HK\$'000 (audited)	Liabilities HK\$'000 (audited)	Net Assets HK\$'000 (audited)
Hotel operation (note a)	18,987,264	5,750,353	13,236,911
Property investment (note a)	6,103,423	63,150	6,040,273
Property development (note a)	3,951,305	1,218,326	2,732,979
Other operations (note a)	565,799	219,885	345,914
Unallocated	5,817,490	2,429,874	3,387,616
Great Eagle Operations (note b)	35,425,281	9,681,588	25,743,693
Champion REIT (note c)	48,192,191	13,499,694	34,692,497
Langham (note d)	10,441,100	4,812,167	5,628,933
US Real Estate Fund (note e)	450,714	180,996	269,718

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 4. SEGMENT INFORMATION (CONTINUED)

#### Segment assets and liabilities (continued)

Notes:

- (a) The segment assets include primarily investment properties, property, plant and equipment, right-of-use assets, equity instruments at fair value through other comprehensive income ("FVTOCI"), stock of properties, inventories, notes and loan receivables, financial assets at FVTPL, time deposits with original maturity over three months, bank balances and cash and debtors, deposits and prepayments attributable to respective operating segments. The segment liabilities include primarily creditors, deposits and accruals, borrowings, lease liabilities, provision for taxation and deferred taxation attributable to respective operating segments.
- (b) Included in the assets and liabilities are bank deposits and restricted cash of HK\$6,023,469,000 (31 December 2020: HK\$5,555,339,000) and borrowings of HK\$13,762,504,000 (31 December 2020: HK\$6,374,503,000), representing net debt of HK\$7,739,035,000 as at 30 June 2021 (31 December 2020: HK\$819,164,000).
- (c) Assets and liabilities of Champion REIT are based on published financial information of Champion REIT, at the effective interest held by Great Eagle Holdings Limited, being 67.32% (31 December 2020: 67.22%), excluding the effective interest of the distribution payable attributable from Champion REIT of HK\$478,525,000 (31 December 2020: HK\$506,019,000).
- (d) Assets and liabilities of Langham are based on published financial information of Langham, at the effective interest held by Great Eagle Holdings Limited, being 69.31% (31 December 2020: 69.24%). It includes three hotel properties with appraised value of HK\$14,270,000,000 as at 30 June 2021 (31 December 2020: HK\$14,802,000,000). The three hotel properties are self-operated by Great Eagle and accordingly recognised as property, plant and equipment with corresponding carrying amount (at cost less accumulated depreciation) of HK\$3,650,382,000 (31 December 2020: HK\$3,743,680,000) in the Group's condensed consolidated statement of financial position.
- (e) Assets and liabilities of the US Real Estate Fund are based on results of the fund at the 49.97% (31 December 2020: 49.97%) interest held by Great Eagle Holdings Limited.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 5. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income on		
Bank deposits	10,335	87,511
Financial assets at FVTPL	9,204	1,020
Notes and loan receivable	67,152	33,717
Others	7,348	156
	<b>94,039</b>	122,404
Government subsidy (note)	47,321	80,266
Sundry income	4,962	2,427
Net exchange gain	–	2,540
	<b>146,322</b>	207,637

Note:

During the current interim period, the Group recognised government grants of HK\$47,321,000 (30 June 2020: HK\$80,266,000) in respect of COVID-19 related subsidies.

### 6. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings	306,905	309,633
Interest on medium term notes	122,868	99,648
Interest on lease liabilities	375	573
Other borrowing costs	32,153	26,390
	<b>462,301</b>	436,244
Less: amount capitalised (note)	(95,228)	(33,055)
	<b>367,073</b>	403,189

Note:

Interest were capitalised at an average annual rate of 3.27% (30 June 2020: 1.62%) to property development projects.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**7. LOSS BEFORE TAX**

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss before tax has been arrived at after charging (crediting)		
Staff costs (including Directors' emoluments)	<b>859,704</b>	927,628
Share-based payments (including Directors' emoluments)	<b>7,797</b>	7,608
	<b>867,501</b>	935,236
Depreciation	<b>412,478</b>	409,704
Share of tax of associates (included in the share of results of associates)	<b>45</b>	23
Dividend income from		
– equity instruments at FVTOCI	<b>(5,629)</b>	(4,903)
– financial assets at FVTPL	<b>(3,440)</b>	(1,347)
Loss on disposal of property, plant and equipment (included in administrative and other expenses)	<b>32</b>	76
Net exchange loss (included in administrative and other expenses)	<b>2,866</b>	–
Net exchange gain (included in other income)	<b>–</b>	(2,540)

**8. INCOME TAXES**

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax		
Current period		
– Hong Kong Profits Tax	<b>190,626</b>	140,194
– Other jurisdictions	<b>773</b>	(169)
	<b>191,399</b>	140,025
Overprovision in prior periods		
– Hong Kong Profits Tax	<b>(22)</b>	(1,174)
– Other jurisdictions	<b>(16,484)</b>	(6,282)
	<b>(16,506)</b>	(7,456)
	<b>174,893</b>	132,569
Deferred tax		
Current period	<b>(35,333)</b>	(55,831)
Overprovision in prior periods	<b>(783)</b>	(15,516)
	<b>(36,116)</b>	(71,347)
	<b>138,777</b>	61,222

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**9. DIVIDENDS**

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Dividends paid		
Final dividend of HK50 cents in respect of the financial year ended 31 December 2020 (2020: HK50 cents in respect of the financial year ended 31 December 2019) per ordinary share	<b>360,396</b>	354,190
Special final dividend of HK50 cents in respect of the financial year ended 31 December 2020 (2020: HK50 cents in respect of the financial year ended 31 December 2019) per ordinary share	<b>360,396</b>	354,191
	<b>720,792</b>	708,381
Dividends declared after the end of reporting period		
Interim dividend of HK33 cents in respect of the six months ended 30 June 2021 (2020: HK33 cents in respect of the six months ended 30 June 2020) per ordinary share	<b>241,243</b>	237,574
Special interim dividend of HK\$1.50 in respect of the six months ended 30 June 2020 per ordinary share	–	1,079,880
	<b>241,243</b>	1,317,454

On 21 June 2021, 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 2020.

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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Dividends		
Cash	<b>100,934</b>	119,737
Share alternative	<b>259,462</b>	234,453
	<b>360,396</b>	354,190

On 26 August 2021, the Directors have determined that an interim dividend of HK33 cents (2020: interim dividend of HK33 cents and a special interim dividend of HK\$1.50) per ordinary share will be paid to the shareholders of the Company whose names appear in the Register of Members on 13 October 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 10. LOSS PER SHARE

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the purposes of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	<b>(783,974)</b>	(6,512,770)

	Six months ended 30 June	
	2021	2020
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of shares for the purpose of basic and diluted loss per share	<b>720,967,027</b>	719,920,112

For the periods ended 30 June 2021 and 30 June 2020, the diluted loss per share was the same as the basic loss per share as the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options because it will otherwise result in a decrease in loss per share.

### 11. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

#### Investment properties

During the current interim period, the Group had additions to improvement work on investment properties at a cost of HK\$38,524,000 (six months ended 30 June 2020: HK\$27,492,000). During the six months ended 30 June 2020, investment properties with fair value of HK\$554,787,000 were transferred to property, plant and equipment due to change in use from earning rental from outsiders to owner occupation and use.

## 11. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Investment properties (continued)

The fair value of the Group's investment properties of HK\$71,289,201,000 as at 30 June 2021 (31 December 2020: HK\$73,111,626,000) has been arrived at on a basis of valuation carried out by independent professional property valuers not connected with the Group:

Investment properties in Hong Kong – Cushman & Wakefield Limited and Savills Valuation and Professional Services Limited.

Investment properties in the Mainland China – Knight Frank Petty Limited.

Investment properties in the USA – Cushman & Wakefield Western, Inc.

The valuations for certain investment properties were arrived at by using income capitalisation method which is determined based on the future cash flow of market rentals at market yield expected by property investors and applicable discount rates. The market rentals are also assessed by reference to the rentals achieved in other similar properties in the neighbourhood. The valuation of the remaining investment properties were arrived at by using direct comparison method, which is based on market observable transactions of similar properties and adjusts to reflect the conditions and locations of the subject property. Additionally, in estimating the fair value of the investment properties, the highest and best use of the properties is their current use.

### Property, plant and equipment

During the current interim period, the Group had additions in relation to structural improvement work on hotel properties of HK\$609,000 (six months ended 30 June 2020: HK\$2,490,000) and hotel buildings under development of HK\$355,298,000 (six months ended 30 June 2020: HK\$468,347,000). The Group also had additions in owner occupied properties in Hong Kong of HK\$52,000,000 (six months ended 30 June 2020: nil) and other property, plant and equipment of HK\$100,243,000 (six months ended 30 June 2020: HK\$130,163,000). During the current interim period, the Group had disposals of other property, plant and equipment with carrying amount of HK\$167,000 (six months ended 30 June 2020: HK\$88,000).

At 30 June 2021 and 2020, the Directors conducted an impairment assessment on hotel properties, no reversal or additional impairment loss was recognised for the six months ended 30 June 2021 and 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 12. INTERESTS IN JOINT VENTURES

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Cost of investments in joint ventures	<b>179,381</b>	241,201
Share of post-acquisition results and other comprehensive income	<b>(126,626)</b>	(146,726)
	<b>52,755</b>	94,475
Amount due from joint ventures	<b>297,908</b>	292
	<b>350,663</b>	94,767

In determining whether there exists any objective evidence of impairment of the Group's interests in joint ventures, the Directors consider any loss events at the end of the reporting period which may have an impact on the estimated future cash flows of its joint ventures. The Directors assessed that no objective impairment was identified. Accordingly, no impairment loss is recognised.

Details of the material interests in joint ventures are as follows:

Pursuant to the shareholders' agreement signed between an indirect wholly-owned subsidiary of the Company and various independent third party investors on 9 April 2021, Athene Investment (BVI) Limited ("Athene Investment") was established as a joint venture for holding the leasehold interests in a property situated in London, the UK. The Group owns 27% shareholding interest in Athene Investment.

Pursuant to the agreements signed between an indirect wholly-owned subsidiary of the Company and an independent third party investor (the "8701 Investor") in 2016, the relevant activities of 8701 Associates 2, LLC ("8701") that significantly affect the return of 8701 require unanimous consent from the Group and the 8701 Investor, accordingly 8701 is accounted for as a joint venture.

8701 has interest in 8701 Collins Avenue, LLC ("8701 Collins"), a joint venture with an independent third party investor (the "8701 Collins Investor") which is principally engaged in residential development projects in Miami, Florida, the USA.

In 2020, the 8701 Investor has fully redeemed its partnership interest in 8701 so that 8701 became an indirect wholly-owned subsidiary of the Company. Despite the Group's interest in 8701 Collins was increased to 53.8% at 31 December 2020 following exit of the 8701 Investor, the relevant activities of 8701 Collins that significantly affect the return of 8701, require unanimous consent from the Group and the 8701 Collins Investor, accordingly 8701 Collins is accounted for as a joint venture.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**13. INTERESTS IN ASSOCIATES**

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Cost of investment in associates	108	108
Share of post-acquisition profit and other comprehensive income, net of dividend received	55,079	53,160
	<b>55,187</b>	53,268

**14. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Listed equity securities in Hong Kong	322,810	214,596
Listed equity securities outside Hong Kong	1,307	1,278
Unlisted equity securities in Hong Kong	121,620	114,615
Unlisted equity securities outside Hong Kong	1,090,895	735,100
	<b>1,536,632</b>	1,065,589

At the end of the reporting period, all the listed equity securities were stated at fair values which have been determined by reference to closing prices quoted in the active markets.

Included in unlisted equity securities outside Hong Kong is an investment in an electric vehicle start-up company (the "Start-up"). As at 30 June 2021, the fair value of HK\$312,857,000 of such investment included the Group's investment cost of HK\$156,872,000 in acquiring shares of the Start-up and fair value change of HK\$155,985,000 for the six month ended 30 June 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 15. NOTES AND LOAN RECEIVABLES

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Notes receivables (note a)	<b>2,446,123</b>	2,881,577
Loan receivables (note b)	<b>217,364</b>	253,730
Mortgage loan receivables (note c)	<b>184,955</b>	178,698
	<b>2,848,442</b>	3,314,005
Less: Amounts due within one year shown under current assets	<b>(2,057,514)</b>	(2,318,802)
Amounts due after one year	<b>790,928</b>	995,203

Notes:

(a) Notes receivables

At 30 June 2021, the Group held secured bonds with principal amount of HK\$391,651,000 (31 December 2020: HK\$476,542,000) and unsecured bonds with principal amounts of HK\$2,054,472,000 (31 December 2020: HK\$2,405,035,000) denominated in US\$ with nominal values ranging from US\$200,000 to US\$100,000,000 (31 December 2020: US\$200,000 to US\$100,000,000) which bear interest at fixed interest rates ranging from 3.75% to 11.50% (31 December 2020: 3.75% to 11.50%) per annum and have maturity dates ranging from July 2021 to October 2025 (31 December 2020: January 2021 to October 2025).

(b) Loan receivables

Pacific Miami Corporation, a wholly-owned subsidiary of the Company, entered into unsecured promissory notes from 2015 to 2017 with an investee classified as a joint venture for a loan receivable of US\$4,728,000 (equivalent to approximately HK\$36,652,000), which bore interest at 18% per annum and had a maturity date on 31 December 2022. It was fully repaid during the period ended 30 June 2021.

The US Real Estate Fund entered into unsecured promissory note in 2020 for a loan receivable of US\$28,000,000 (equivalent to approximately HK\$217,364,000) (31 December 2020: US\$28,000,000 (equivalent to approximately HK\$217,078,000)), which bears interest at 1.69% per annum and has a maturity date on 31 January 2025.

(c) Mortgage loan receivables

Mortgage loan receivables are secured by second mortgages on properties and repayable by monthly instalments with tenors not more than 25 years at the period end date and carry interest at rates with reference to banks' lending rates.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 16. STOCK OF PROPERTIES

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Properties under development for sale	<b>9,537,425</b>	–
Properties held for sale	<b>2,939,988</b>	3,430,283
	<b>12,477,413</b>	3,430,283

Notes:

- (a) In February 2021, the Group entered into various agreements with MTR Corporation Limited (the original owner of a piece of land in Ho Man Tin, Kowloon, which is subject to development) and other interest parties including the preceding developer for the development of the relevant land (the "HMT Project"). Pursuant to the terms of these agreements, the Group became the succeeding developer of the HMT Project.

The consideration of the HMT Project consists of a lump sum payment and a sharing of surplus proceeds as defined in the agreements. During the six months ended 30 June 2021, a partial lump sum payment of HK\$1,000,000,000 was paid to MTR Corporation Limited and the property under development and borrowings was assumed from previous developer to the Group.

- (b) Properties held for sale mainly comprised of the following:
- (i) A site in Pine Street, San Francisco, the USA with a consideration of US\$21,000,000 (equivalent to approximately HK\$162,771,000) acquired in 2015. As at 31 December 2020, properties held for sale included this residential development which was completed in 2017. During the six months ended 30 June 2021, all units were sold and delivered to buyers.
  - (ii) As at 30 June 2021 and 31 December 2020, properties held for sale includes a residential site in Pak Shek Kok, Tai Po at the land premium of HK\$2,412,000,000 acquired in 2014. Occupation permit of the development was obtained in June 2020.

As at 30 June 2021 and 31 December 2020, the Directors assessed whether there exists any objective evidence of impairment of the stock of properties held. No recognition of write-down of stock of properties is required as at 30 June 2021 and 31 December 2020.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**17. DEBTORS, DEPOSITS AND PREPAYMENTS**

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Trade debtors, net of allowance for doubtful debts	<b>113,910</b>	114,923
Deferred lease receivables	<b>164,674</b>	169,381
Retention money receivables	<b>7,357</b>	11,079
Other receivables	<b>190,243</b>	188,875
Deposits and prepayments	<b>253,440</b>	249,802
	<b>729,624</b>	734,060

Included in the balance of debtors, deposits and prepayments are trade debtors (net of allowance of doubtful debts) of HK\$113,910,000 (31 December 2020: HK\$114,923,000). 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 trade receivables from contracts with customers and retention money receivables are as follows:

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Trade receivables from contracts with customers	<b>63,404</b>	55,697
Retention money receivables	<b>7,357</b>	11,079
Amount due within one year	<b>(5,236)</b>	(4,915)
Amount due after one year	<b>2,121</b>	6,164

Deposits and prepayments mainly consist of rental deposit paid, prepaid agency commissions of property sales and prepaid expenses for hotels operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**17. DEBTORS, DEPOSITS AND PREPAYMENTS (CONTINUED)**

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

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Within 3 months	58,706	72,033
More than 3 months but within 6 months	13,265	20,955
Over 6 months	41,939	21,935
	<b>113,910</b>	114,923

**18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Equity linked notes	134,167	97,449
Currency linked notes	57,691	161,221
Listed equity securities held for trading	252,323	205,176
	<b>444,181</b>	463,846

At the end of the reporting period, all the listed equity securities were stated at fair values which have been determined by reference to closing prices quoted in the active markets. The Group had entered into equity and currency linked notes with banks and are detailed as follows:

- (i) US\$ equity linked notes with nominal values ranging from US\$200,000 to US\$2,000,000 (31 December 2020: US\$200,000 to US\$500,000) have maturity period of three to six months. Redemption amount and interest rates vary depending on various conditioning terms and different strike price.
- (ii) HK\$ equity linked notes with nominal values ranging from HK\$2,000,000 to HK\$20,000,000 (31 December 2020: HK\$5,000,000 to HK\$20,000,000) have maturity period of three to six months. Redemption amount and interest rates vary depending on various conditioning terms and different strike prices.
- (iii) HK\$ currency linked note with notional value of HK\$10,000,000 (31 December 2020: ranging from HK\$20,000,000 to HK\$80,000,000) has maturity of three months. Redemption amount and exchange rates vary depending on various conditioning terms and different strike prices.
- (iv) Japanese yen ("JPY") currency linked notes with notional values of JPY341,000,000 (31 December 2020: nil) have maturity of three months. Redemption amount and exchange rates vary depending on various conditioning terms and different strike prices.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**19. CREDITORS, DEPOSITS AND ACCRUALS**

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Trade creditors	<b>179,972</b>	203,987
Deposits received	<b>802,129</b>	789,414
Customer deposits and other deferred revenue	<b>457,886</b>	451,150
Construction fee payable and retention money payable	<b>740,809</b>	850,484
Accruals, interest payable and other payables (note)	<b>4,387,690</b>	2,740,021
	<b>6,568,486</b>	5,035,056

Note:

With reference to the consideration of the HMT Project as disclosed in note 16, the aggregate of the remaining lump sum payment and the estimated sharing of surplus proceeds amounted to HK\$2,527,600,000 is included in the accruals, interest payable and other payable as at 30 June 2021.

In determining the sharing of surplus proceeds of the HMT Project, the Directors has taken into account the expectation of forecast sales and budgeted costs of the development, which involves the application of significant judgement and estimates. Inputs and assumption reflect the best estimation of the Directors are used based on the then available information. Notwithstanding periodic reviews and revisions of these estimates at each subsequent reporting dates, the assumptions and expectations may change when more information become known and/or available so that the actual sharing of surplus proceeds may be higher or lower than the estimated amount. Any changes would be reflected in the financial statements in the period when such changes occur.

Included in the accruals is accrual of stamp duty based on the current stamp duty rate of 4.25% (31 December 2020: 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.

As at 31 December 2020, included in the accruals, interest payable and other payables was HK\$775,350,000 consideration payable in relation to notes receivable acquired in December 2020. The amount had been paid during the current period.

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

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Within 3 months	<b>165,448</b>	188,423
More than 3 months but within 6 months	<b>1,996</b>	2,280
Over 6 months	<b>12,528</b>	13,284
	<b>179,972</b>	203,987

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**20. DERIVATIVE FINANCIAL INSTRUMENTS**

	At 30 June 2021		At 31 December 2020	
	Assets	Liabilities	Assets	Liabilities
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (audited)	HK\$'000 (audited)
Interest rate swaps	–	<b>120,944</b>	–	161,771
Cross currency swaps	–	<b>12,415</b>	–	138,313
Foreign currency derivative contracts	–	–	20,954	21,266
	–	<b>133,359</b>	20,954	321,350
Less: Would be matured within one year shown under current assets/liabilities	–	<b>(24,397)</b>	(20,954)	(26,276)
Would be matured after one year	–	<b>108,962</b>	–	295,074

The Group entered into interest rate swaps with aggregate notional amount of HK\$3,200,000,000 (31 December 2020: HK\$5,700,000,000) to manage the exposure to the interest rate risk on the Group's floating-rate borrowings by swapping a proportion of those borrowings from floating rate of Hong Kong Interbank Offered Rate ("HIBOR") to fixed rate ranging from 0.83% to 2.545% (31 December 2020: 0.83% to 2.545%). The Group also entered into interest rate swaps and cross currency swaps to manage the exposure to the interest rates and floating rate loans denominated in other currencies. In addition, the Group used foreign currency derivative contracts to manage its exposure to foreign exchange rate movements for the year ended 31 December 2020.

The fair values of foreign currency derivative contracts, interest rate swaps and cross currency swaps at the end of the reporting periods are provided by counterparty banks. The interest rate swaps and cross currency swaps will be due in June 2022 to December 2023 and June 2022, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**21. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING**

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
<b>Non-current asset</b>		
Cash flow hedge – cross currency swaps (note ii)	<b>2,496</b>	–
<b>Non-current liabilities</b>		
Cash flow hedge – cross currency swaps (note ii)	<b>3,812</b>	1,172
Cash flow hedge – interest rate swaps (note i)	<b>73,674</b>	98,411
	<b>77,486</b>	99,583
<b>Current liability</b>		
Cash flow hedge – interest rate swaps (note i)	–	23,704

(i) Interest rate swap

As at 30 June 2021, the Group entered into interest rate swap contracts to minimise its exposure to fluctuations in interest rates of its bank borrowings which bear interest at a floating rate of HIBOR plus 0.95% (31 December 2020: HIBOR plus 0.95%) per annum. The critical terms of the interest rate swaps and the corresponding bank borrowings are identical and the Directors considered that the interest rate swap contracts were highly effective hedging instruments and qualified as cash flow hedges.

	At 30 June 2021 (unaudited)	At 31 December 2020 (audited)
Carrying amount (HK\$'000)	<b>(73,674)</b>	(122,115)
Notional amount (HK\$'000)	<b>2,900,000</b>	6,350,000
Maturity date	<b>28 June 2024</b>	28 June 2021 to 28 June 2024
Change in fair value of hedging instruments during the period/year (HK\$'000)	<b>7,740</b>	(184,977)
Change in value of hedged item used to determine hedge effectiveness during the period/year (HK\$'000)	<b>(7,740)</b>	184,977
Weighted average swap rate (before interest margin)	<b>1.27%</b>	1.42%

## 21. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING (CONTINUED)

### (ii) Cross currency swap

As at 30 June 2021, the Group entered into cross currency swap contracts to minimise its exposure to fluctuations in foreign currency exchange rates and interest rate of certain of its medium term notes denominated in US\$. The critical terms of the cross currency swaps and the corresponding medium term notes are identical and the Directors considered that the cross currency swaps were highly effective hedging instruments and qualified as cash flow hedges.

	At 30 June 2021 (unaudited)	At 31 December 2020 (audited)
Carrying amount (HK\$'000)	<b>(1,316)</b>	(1,172)
Notional amount (US\$'000)	<b>446,400</b>	386,400
Maturity date	<b>17 January 2023 to 15 June 2030</b>	17 January 2023
Change in fair value of hedging instruments during the period/year (HK\$'000)	<b>(1,618)</b>	(27,678)
Change in value of hedged item used to determine hedge effectiveness during the period/year (HK\$'000)	<b>1,618</b>	27,678
Weighted average exchange rate (US\$: HK\$)	<b>7.7597</b>	7.7595

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**21. DERIVATIVE FINANCIAL INSTRUMENTS UNDER HEDGE ACCOUNTING**  
(CONTINUED)

(iii) Hedging reserve

	Interest rate swap HK\$'000	Cross currency swaps HK\$'000	Total hedging reserve HK\$'000
As at 1 January 2020 (audited)	22,311	7,187	29,498
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedge	(184,977)	(27,678)	(212,655)
Reclassification of fair value adjustment to profit or loss	29,736	13,988	43,724
Reclassification of amount attributable to non-controlling unitholders of Champion REIT	51,225	4,596	55,821
As at 31 December 2020 (audited)	<b>(81,705)</b>	<b>(1,907)</b>	<b>(83,612)</b>
Fair value adjustments on cross currency swaps and interest rate swaps designated as cash flow hedge	<b>7,740</b>	<b>(1,618)</b>	<b>6,122</b>
Reclassification of fair value adjustment to profit or loss	<b>40,321</b>	<b>(3,812)</b>	<b>36,509</b>
Reclassification of amount attributable to non-controlling unitholders of Champion REIT	<b>(15,828)</b>	<b>1,772</b>	<b>(14,056)</b>
As at 30 June 2021 (unaudited)	<b>(49,472)</b>	<b>(5,565)</b>	<b>(55,037)</b>

The fair values of the above derivatives are based on the valuations provided by the counterparty financial institutions and measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 22. BORROWINGS

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Bank loans and revolving loans	<b>28,756,319</b>	21,905,486
Loan front-end fee	<b>(104,832)</b>	(98,197)
	<b>28,651,487</b>	21,807,289

The maturity of the above loans based on scheduled repayment terms is as follows:

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Within one year	<b>13,953,588</b>	4,659,429
More than one year but not exceeding two years	<b>133,597</b>	3,719,780
More than two years but not exceeding five years	<b>14,564,302</b>	13,428,080
	<b>28,651,487</b>	21,807,289
Less: Amounts due within one year shown under current liabilities	<b>(13,953,588)</b>	(4,659,429)
Amounts due after one year shown under non-current liabilities	<b>14,697,899</b>	17,147,860

Borrowings amounting to HK\$17,426,987,000 (31 December 2020: HK\$14,696,243,000) were secured by way of legal charges over certain of the Group's assets and business undertakings.

The exposure of the Group's fixed-rate borrowings and the contractual maturity dates are as follows:

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Within one year	<b>39,698</b>	–
More than one year but not exceeding two years	–	39,343
More than four years but not exceeding five years	<b>63,335</b>	34,569
	<b>103,033</b>	73,912

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**22. BORROWINGS (CONTINUED)**

The exposure of the Group's floating-rate borrowings and the contractual maturity dates are as follows:

	<b>At 30 June 2021 HK\$'000 (unaudited)</b>	At 31 December 2020 HK\$'000 (audited)
Within one year	<b>13,913,890</b>	4,659,429
More than one year but not exceeding two years	<b>133,597</b>	3,680,437
More than two years but not exceeding three years	<b>12,780,064</b>	6,884,465
More than three years but not exceeding four years	<b>828,540</b>	6,090,065
More than four years but not exceeding five years	<b>892,363</b>	418,981
	<b>28,548,454</b>	21,733,377

The Group entered into interest rate swaps and currency swaps to manage the exposure to the floating-rate borrowings as disclosed in notes 20 and 21.

The ranges of effective interest rates (which approximate to contracted interest rates) on the Group's borrowings are as follows:

	<b>At 30 June 2021 (unaudited)</b>	At 31 December 2020 (audited)
Effective interest rate		
Fixed-rate borrowings	<b>2.55% to 2.86%</b>	2.55%
Variable-rate borrowings	<b>0.34% to 4.96%</b>	0.33% to 4.87%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**23. MEDIUM TERM NOTES**

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Medium term notes	<b>7,671,523</b>	7,664,522
Origination fees	<b>(51,152)</b>	(55,974)
	<b>7,620,371</b>	7,608,548
Less: Amount due within one year shown under current liabilities	<b>(643,000)</b>	–
Amount due after one year shown under non-current liabilities	<b>6,977,371</b>	7,608,548

The maturity of the medium term notes is as follows:

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Within one year	<b>643,000</b>	–
More than one year but not exceeding two years	<b>2,992,776</b>	643,000
More than two years but not exceeding five years	<b>1,415,275</b>	4,400,905
Over five years	<b>2,569,320</b>	2,564,643
	<b>7,620,371</b>	7,608,548
Less: Amount due within one year shown under current liabilities	<b>(643,000)</b>	–
Amount due after one year shown under non-current liabilities	<b>6,977,371</b>	7,608,548

With effect from 12 May 2020, the programme limit under the Group's US\$1 billion guaranteed medium term note programme was increased to US\$2 billion.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 23. MEDIUM TERM NOTES (CONTINUED)

The major terms of the issued medium term notes are set out below:

#### As at 30 June 2021

Principal amount	Coupon rate (per annum)
US\$686,400,000	2.95% to 3.75%
HK\$2,343,000,000	3-month HIBOR plus 1.275% or fixed rates ranging from 2.75% to 4.00%

#### As at 31 December 2020

Principal amount	Coupon rate (per annum)
US\$686,400,000	2.95% to 3.75%
HK\$2,343,000,000	3-month HIBOR plus 1.275% or fixed rates ranging from 2.75% to 4.00%

The Group also entered into interest rate swaps and cross currency swaps, details of which are set out in note 21.

### 24. LEASE LIABILITIES

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
Within one year	8,459	9,267
More than one year but not exceeding two years	6,821	7,787
More than two years but not exceeding five years	59	3,327
	15,339	20,381
Less: Amount due within one year shown under current liabilities	(8,459)	(9,267)
Amount due after one year shown under non-current liabilities	6,880	11,114

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 25. SHARE CAPITAL

	At 30 June 2021 (unaudited)		At 31 December 2020 (audited)	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Authorised				
Shares of HK\$0.50 each				
Balance brought forward and carried forward	<b>1,200,000</b>	<b>600,000</b>	1,200,000	600,000
Issued and fully paid				
Shares of HK\$0.50 each				
Balance brought forward	<b>719,920</b>	<b>359,960</b>	708,382	354,191
Issued upon exercise of share options under the share option schemes	<b>873</b>	<b>436</b>	–	–
Issued as scrip dividends	<b>10,247</b>	<b>5,124</b>	11,538	5,769
Balance carried forward	<b>731,040</b>	<b>365,520</b>	719,920	359,960

During the six months ended 30 June 2021, 10,247,300 (31 December 2020: 11,538,064) shares of HK\$0.5 each in the Company were issued at HK\$25.32 (31 December 2020: HK\$20.32) per share as scrip dividends.

### 26. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2021, bank borrowings of HK\$5,877,000,000 was assumed from previous developer to the Group, as discussed in note 16.

During the six months ended 30 June 2021, 10,247,300 (31 December 2020: 11,538,064) shares of HK\$0.50 each in the Company were issued at HK\$25.32 (31 December 2020: HK\$20.32) per share as scrip dividends.

During the year ended 31 December 2020, a tenant issued 8,078,927 and 4,805,410 of its shares at prevailing market prices of HK\$4.20 each and HK\$4.79 each respectively as settlement of trade receivables in an aggregate amount of HK\$54,354,000. The shares are classified as equity instruments at FVTOCI.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

### 27. SHARE OPTIONS

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the period are as follows:

	Number of share options (unaudited)
Outstanding at 1 January 2021	19,313,000
Granted during the period	4,990,000
Exercised during the period	(873,000)
Lapsed during the period	(1,016,000)
Outstanding at 30 June 2021	22,414,000

During the period, 4,990,000 share options were granted on 18 March 2021. The closing price of the Company's shares immediately before 18 March 2021, the date of grant, were HK\$28.80. The fair value of the options determined at the date of grant using the Black-Scholes option pricing model were derived with the following significant assumptions:

Date of grant	18 March 2021
Closing price per share as at the date of grant	HK\$28.45
Exercise price	HK\$28.45
Expected volatility (note a)	34.58%
Expected dividend yield (note b)	3.36%
Expected life from grant date	5 years
Risk free interest rate (note c)	1.01%
Fair value per option	HK\$6.89

Notes:

- (a) The expected volatility was based on 5-year historical volatility of the Company's shares.
- (b) The expected dividend yield was based on 5-year historical dividends of the Company.
- (c) Risk free interest rate was approximated the yield of 5-year Exchange Fund Note on the date of grant.
- (d) The vesting period for the option grant is 24 months from the date of grant.

The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. Change in variables and assumptions may result in changes in the fair value of the options.

### 28. COMMITMENTS AND CONTINGENT LIABILITIES

At 30 June 2021, the Group has authorised capital expenditure for investment properties and property, plant and equipment which is not provided for in these condensed consolidated financial statements amounting to HK\$8,883,797,000 (31 December 2020: HK\$9,410,227,000) in aggregate of which HK\$463,473,000 (31 December 2020: HK\$774,219,000) was contracted for.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

## 29. CONNECTED AND RELATED PARTY DISCLOSURES

The Group had the following significant related party balances and transactions during the period. The transactions were carried out in the normal course of the Group's business on terms mutually agreed between the parties. Dr. Lo Ka Shui is the chairman and managing director of the Company. Transactions with the Group were disclosed as related party transactions.

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Transactions with a related party for the period		
Dr. Lo Ka Shui		
Management fee income	672	672
Transactions with related companies for the period		
Shui On Land Limited and its subsidiaries <sup>1</sup>		
Lease payment	933	862
Management fee expenses	1,808	1,758
Hotel income	–	83
Shui Sing Holdings Limited and its subsidiaries <sup>2</sup>		
Management fee income	132	132
Repair and maintenance income	242	94
Agency fee income	24	–
Haining Haixing Hotel Company Limited <sup>3</sup>		
Hotel income	–	183
Healthy Seed Limited <sup>4</sup>		
Rental income	159	201
Building management fee income	83	83
Management fee income	72	71
Repair and maintenance income	14	–

Transactions with related companies are also connected transactions as defined in the chapter 14A of the Listing Rules.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**29. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)**

	At 30 June 2021 HK\$'000 (unaudited)	At 31 December 2020 HK\$'000 (audited)
<b>Balances with related companies</b>		
Amounts due from related companies (included in debtors, deposits and prepayments)		
SOCAM Development Limited and its subsidiaries <sup>1</sup>	<b>141</b>	141
Shui On Land Limited and its subsidiaries <sup>1</sup>	<b>1,925</b>	1,906
Shui Sing Holdings Limited and its subsidiaries <sup>2</sup>	<b>388</b>	406
	<b>2,454</b>	2,453
Amounts due from related parties (included in debtors, deposits and prepayments)		
Dr. Lo Ka Shui	–	112
Mr. Lo Kai Shui	<b>664</b>	664
	<b>664</b>	776
Amounts due to related companies (included in creditors, deposits and accruals and lease liabilities)		
SFK Construction Holdings Limited and its subsidiaries <sup>5</sup>	<b>598</b>	598
Shui On Land Limited and its subsidiaries <sup>1</sup>	<b>1,718</b>	2,724
Healthy Seed Limited <sup>4</sup>	<b>96</b>	147
Shui Sing Holdings Limited and its subsidiaries <sup>2</sup>	<b>635</b>	339
	<b>3,047</b>	3,808

Balances with related companies are unsecured, interest-free and repayable on demand.

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

Notes:

- <sup>1</sup> Mr. Lo Hong Sui, Vincent, being a director and controlling shareholder of these companies, is an associate of Dr. Lo Ka Shui (a substantial Shareholder of the Company), Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Dr. Lo Ying Sui and Mr. Lo Chun Him, Alexander, all being Directors of the Company, and Mr. Lo Kai Shui.
- <sup>2</sup> Dr. Lo Ka Shui, Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent and Dr. Lo Ying Sui, all being Directors of the Company, and Mr. Lo Kai Shui, are among the discretionary beneficiaries under a discretionary trust, being a substantial shareholder of this company, holding 33.78% (31 December 2020: 33.64%) interest of the Company.
- <sup>3</sup> The company is also a connected party of the Company in which a director of a subsidiary has controlling interest.
- <sup>4</sup> Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of this company.
- <sup>5</sup> Mr. Lo Kai Shui, being a controlling shareholder of these companies, is an associate of Dr. Lo Ka Shui (a substantial Shareholder of the Company), Madam Lo To Lee Kwan, Mr. Lo Hong Sui, Antony, Madam Law Wai Duen, Mr. Lo Hong Sui, Vincent, Dr. Lo Ying Sui and Mr. Lo Chun Him, Alexander, all being Directors of the Company.

## 30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair values of the Group's financial assets and financial liabilities that are measured at fair values on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Fair values of the Group's financial assets and financial liabilities that are measured at fair values on a recurring basis (continued)**

Financial assets/(liabilities)	Fair value as at		Fair value hierarchy	Valuation technique and key inputs
	30 June 2021 HK\$'000	31 December 2020 HK\$'000		
Listed equity securities classified as equity instruments at FVTOCI in the condensed consolidated statement of financial position.	<b>324,117</b>	215,874	Level 1	Quoted market bid prices in an active market.
Listed equity securities held for trading in the condensed consolidated statement of financial position.	<b>252,323</b>	205,176	Level 1	Quoted market bid prices in an active market.
Unlisted equity securities classified as equity instruments at FVTOCI in the condensed consolidated statement of financial position.	<b>754,848</b>	768,586	Level 1	Broker's quote which reflects the Group's share of fair value of the underlying investments which are publicly traded equity investments.
Foreign currency derivative contracts classified as derivative financial instruments in the condensed consolidated statement of financial position.	–	(21,266) 20,954	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Interest rate swaps classified as derivative financial instruments in the condensed consolidated statement of financial position.	<b>(194,618)</b>	(283,886)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable forward interest rates at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Cross currency swaps classified as derivative financial instruments in the condensed consolidated statement of financial position.	<b>(13,731)</b>	(139,485)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates and interest rates (from observable forward exchange rates and interest rates at the end of the reporting period) and contracted forward rates discounted at a rate that reflects the credit risk of various counterparties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

**30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Fair values of the Group's financial assets and financial liabilities that are measured at fair values on a recurring basis (continued)**

Financial assets/ (liabilities)	Fair value as at		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
	30 June 2021 HK\$'000	31 December 2020 HK\$'000			
Unlisted equity securities classified as equity instruments at FVTOCI in the condensed consolidated statement of financial position.	457,667	81,129	Level 3	Market approach. It is based on the best information available in the circumstances and includes appropriate risk adjustments for lack of marketability.	Multiples of several comparable companies and risk adjustments for lack of marketability. (Note a)
Equity and currency linked notes classified as financial assets at FVTPL in the condensed consolidated statement of financial position.	191,858	258,670	Level 3	Discounted cash flow. Future cash flows are estimated based on share price/foreign currency exchange rate (from observable share price/foreign currency exchange rate at the end of the reporting period) and contracted share price/foreign currency exchange rate, discounted at a rate that reflects the credit risk of various counterparties.	Volatility of underlying share prices/foreign currency exchange rate. (Note b)

Notes:

- (a) The higher the multiples, the higher the fair value of unlisted equity securities. The higher the risk adjustments, the lower the fair value of unlisted equity securities. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.
- (b) The higher the volatility, the higher the fair value of equity and currency linked notes. A reasonably possible change in the unobservable input would result in a significant higher or lower fair value measurement.

**30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)****Reconciliation of Level 3 fair value measurements of financial assets**

	Equity and currency linked notes HK\$'000	Unlisted equity securities HK\$'000
As at 1 January 2021	<b>258,670</b>	<b>81,129</b>
Purchases	<b>201,062</b>	<b>220,441</b>
Change in fair value	<b>(1,284)</b>	<b>156,097</b>
Redemption/disposal	<b>(266,590)</b>	–
As at 30 June 2021	<b>191,858</b>	<b>457,667</b>

The above changes in fair value of equity and currency linked notes and unlisted equity securities are included in “fair value changes on financial assets at FVTPL” in the condensed consolidated income statement and “fair value (loss) gain on equity instruments at FVTOCI” in the condensed consolidated statement of comprehensive income, respectively.

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the condensed consolidated financial statements approximate to their fair values. They are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

**31. EVENT AFTER THE END OF THE REPORTING PERIOD**

On 27 July 2021, the Group’s wholly-owned subsidiary, GE (MTN) Limited, established a US\$2,000,000,000 guaranteed medium term note programme, which is guaranteed by the Company. The medium term notes would be recorded as liabilities in the consolidated statement of financial position when there is a drawdown.

In July 2021, the Group’s investment in the Start-up, which is classified as equity instruments at FVTOCI, was listed on the Nasdaq, U.S. through a SPAC vehicle. As one of the early investors in the Start-up, there is a six-month lock-up period for the Group’s interest in approximately 13.4 million shares. The unrealised valuation surplus of this investment will be recognised as fair value gain on equity instruments at FVTOCI in the consolidated financial statements for the year ending 31 December 2021.

# GLOSSARY OF TERMS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings:

Term	Definition
"2009 Share Option Scheme"	the share option scheme of the Company adopted by an ordinary resolution passed on 27 May 2009
"2019 Share Option Scheme"	the share option scheme of the Company adopted by an ordinary resolution passed on 22 May 2019
"Bye-laws"	The bye-laws of the Company as may be amended from time to time
"CG Code"	Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"Champion REIT"	Champion Real Estate Investment Trust (Stock Code: 2778), a Hong Kong collective investment scheme authorised under section 104 of SFO, in which the Group has an interest of approximately 67.32% as at 30 June 2021
"Code of Conduct for Securities Transactions"	Code of Conduct regarding Securities Transactions by Directors and relevant employees of the Company
"Company"	Great Eagle Holdings Limited
"EBITDA"	Earning before interest, taxes, depreciation and amortisation
"Great Eagle Group" or "Group"	the Company and its subsidiaries
"HITL"	HSBC International Trustee Limited
"HKAS"	Hong Kong Accounting Standard
"HKFRS"	Hong Kong Financial Reporting Standard
"HKICPA"	Hong Kong Institute of Certified Public Accountants



## GLOSSARY OF TERMS

Term	Definition
“Langham” or “LHI”	Langham Hospitality Investments and Langham Hospitality Investments Limited (Stock Code: 1270), the share stapled units of which are listed on the Stock Exchange, in which the Group had an interest of approximately 69.31% as at 30 June 2021
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“RevPAR”	Revenue per available room
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S. Fund” or “U.S Real Estate Fund”	Pacific Eagle (US) Real Estate Fund, L.P., in which the Group had an interest of approximately 49.97% as at 30 June 2021



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