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LANGHAM

HOSPITALITY INVESTMENTS

Langham Hospitality Investments

(As constituted pursuant to a deed of trust on 8 May 2013 under the laws of Hong Kong, the trustee of which is LHIL Manager Limited)

and

Langham Hospitality Investments Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1270)

2017 INTERIM RESULTS ANNOUNCEMENT

The boards of directors (the “Boards”) of LHIL Manager Limited (the “Trustee-Manager”, as the trustee-manager of Langham Hospitality Investments (the “Trust”)) and Langham Hospitality Investments Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Trust and of the Company together with the Company’s subsidiaries (the “Trust Group”) for the six-month period ended 30 June 2017 as follows:

FINANCIAL HIGHLIGHTS

(in HK\$ million, unless otherwise specified)	1H 2017	1H 2016	Change
Total Rental Income for the Trust Group	332.8	322.3	3.3%
Profit attributable to Holders of Share Stapled Units excluding Fair Value change on Investment Properties and Derivative Financial Instruments	164.6	163.3	0.8%
Distributable Income	209.6	228.1	-8.1%
Distributions per Share Stapled Unit after Distribution Waiver	HK10.3 cents	HK11.7 cents	-12.0%
As at	30 Jun 2017	31 Dec 2016	30 Jun 2016
Gross Value of Hotel Portfolio (in HK\$ million)	18,763	18,432	18,495
Net Asset Value per Share Stapled Unit	HK\$5.70	HK\$5.65	HK\$5.70
Gearing Ratio	35.7%	36.1%	36.1%

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

As overnight visitor arrivals from Mainland China, the largest market for Hong Kong which accounts for almost two-thirds of total overnight arrivals, continued to recover during the first half of 2017, Hong Kong's hotel market witnessed further improvement in revenue per available room (“**RevPAR**”) over the same period. Driven by an improvement in occupancy, RevPAR for Hong Kong's hotels marked a continuous growth momentum from a decline of 6.4% year-on-year in the first half of 2016, and an increase of 0.5% year-on-year in the second half of 2016, to a 1.0% year-on-year growth in the first half of 2017.

The Trust Group's hotel portfolio also benefitted from the aforesaid recovery and had a good start to the year. The Langham, Hong Kong delivered a 2.2% growth in RevPAR, whereas Cordis, Hong Kong had a 6.0% growth in RevPAR, and Eaton, Hong Kong had a 3.0% RevPAR growth in the first half of 2017. The remarkable RevPAR growth staged by the Cordis was in part due to a low base effect, as it suffered from exceptionally low occupancy during the first quarter of 2016, when violent protests broke out within close proximity to the hotel.

A 3.9% increase in RevPAR achieved by our hotel portfolio compares favourably with the High Tariff A hotel market which witnessed a decline of 2.2% in RevPAR, and also with the High Tariff B hotel market which had a lower RevPAR growth of 2.9%. The improvement in RevPAR or room revenue was somewhat offset by slightly softer revenue from the food and beverage (F&B) segment. While there was growth in F&B revenue at The Langham and Cordis, the growth was more than offset by a decline in F&B revenue at the Eaton, because the hotel accepted fewer banqueting reservations in the first half, preparing for renovations originally planned in the first quarter of 2017.

Nonetheless, the growth in higher-margin room business enabled the Trust Group's hotel portfolio to deliver a 6.2% growth in operating profit during the first half period. The increase in gross operating profit of the portfolio led to a corresponding 6.2% increase in variable rental income received by the Trust Group, while total gross rental income, which included fixed rental and retail shop rental, rose by 3.3% to HK\$332.8 million in the first half of 2017. Net property income rose by 3.0% to 278.6 million in the first half of 2017.

For the first six months ended 30 June 2017, profit attributable to the Holders of Share Stapled Units rose 55.2% to HK\$409.7 million which included the booking of HK\$295.8 million in an increase in the fair value of investment properties (hotel portfolio). The Trust Group's first half results also factored in a decrease in the fair value of the interest rate swap contracts held by the Trust Group as at the end of June 2017 amounting to HK\$50.7 million. All these interest rate swaps were contracted to provide the Trust Group with a protection to potential rises in interest rate.

As at 30 June 2017, valuation of the hotel portfolio was HK\$18,763 million as appraised by an independent professional valuer. The Net Asset Value ("NAV") of the Trust Group amounted to HK\$11,851 million or HK\$5.70 per Share Stapled Unit as at the end of June 2017. Based on the Trust Company's closing price of HK\$3.30 per Share Stapled Unit on 30 June 2017, this represented a discount of 42.1% to the Trust Group's NAV. Gearing ratio was 35.7% as at the end of June 2017 as compared with 36.1% as at the end of December 2016.

As we are at a time when central banks around the world could begin to tighten their monetary policies, interest rates in Hong Kong are also expected to rise. Hence, as we seek to reduce the volatility in the Trust Group's future distributable income, we have entered into more interest rate swap contracts with notional amount of HK\$2.5 billion in the first half of 2017, bringing total notional worth of swap contracts to HK\$3.5 billion as at the end of June 2017. As a result, interest rate on 51.5% of our HK\$6.8 billion bank loan was effectively fixed through these contracts as at the end of June 2017.

OPERATIONAL REVIEW

As the Hotels of the Trust Group are leased to the GE (LHIL) Lessee Limited (the “Master Lessee”), an indirect wholly-owned subsidiary of Great Eagle Holdings Limited, the Trust Group receives rent in the form of a pre-determined fixed rental income (pro-rata at HK\$225 million per annum) and a variable rent calculated at 70% of the Hotels’ aggregate gross operating profit before deduction of the global marketing fees. In addition to the fixed rental income and variable rental income from the Master Lessee, the Trust Group also receives rental income directly from three retail shops located at Eaton, Hong Kong, which are leased to independent third parties.

Reflecting an improvement in the Hotels’ aggregate gross operating profit before deduction of global marketing fee for the six months ended 30 June 2017, variable rental income from the Master Lessee rose by 6.2% year-on-year to HK\$220.3 million. However, there was a slight drop of fixed rental income by 0.3% year-on-year in the first half of 2017 to HK\$111.6 million due to a higher base effect. As 2016 was a leap year, the first half of 2016 included one additional calendar day for the purpose of calculating fixed rental income. There was also a decline in the rental income received directly from the retail shops at Eaton, Hong Kong. Although its contribution to the overall rental income is very minimal, there was still a 70.0% decline in rental income as we have started to repossess the shops in preparation for the renovation which started in July 2017. Total rental income received by the Trust Group was HK\$332.8 million for the reporting period, representing a year-on-year increase of 3.3%.

(in HK\$ million)	1H 2017	1H 2016	Change
Variable rental income	220.3	207.4	6.2%
Fixed rental income	111.6	111.9	-0.3%
Rental income from retail shops	0.9	3.0	-70.0%
Total rental income to the Trust Group	332.8	322.3	3.3%

As the Trust Group owns the Hotels and leases them out for rental income, the operating expenses incurred by the Trust Group are predominantly service fees and hotel properties’ related expenses.

Service fees are comprised of: i) hotel management fees, ii) licence fee and iii) global marketing fee paid to the hotel management company. Hotel management fees are comprised of a base management fee, which is calculated at 1.5% of total hotel revenue, and an incentive fee on 5% of adjusted gross operating profit of the Hotels. Licence fee is calculated based on 1% of total revenue of the Hotels, and global marketing fee is calculated at 2% of total room revenue of the Hotels. It should be noted that when calculating distributable income, global marketing fee is paid in cash, while hotel management fees and licence fee are paid in the form of Share Stapled Units until the end of 2017. Thereafter, the Hotel Manager can elect the hotel management and licence fees to be paid in the form of Share Stapled Units, cash or a combination of both.

In the first half of 2017, improvement in performance of the hotel portfolio led to an increase in total service fees payable to the hotel management company, which rose by 4.3% year-on-year to HK\$41.3 million.

(in HK\$ million)	1H 2017	1H 2016	Change
Hotel management fees	25.6	24.4	4.9%
Licence fee	7.4	7.3	1.4%
Global marketing fee	8.3	7.9	5.1%
Total service fees	41.3	39.6	4.3%

Hotel properties' related expenses rose by 4.9% year-on-year to HK\$12.9 million for the first half of 2017, driven mainly by increases in property tax incurred in the first half of 2017. Overall, there was a year-on-year increase of 3.0% in net property income of the Trust Group to HK\$278.6 million in the first half of 2017.

(in HK\$ million)	1H 2017	1H 2016	Change
Total rental income	332.8	322.3	3.3%
Hotel properties' related expenses	(12.9)	(12.3)	4.9%
Service fees (hotel management fees, licence fee and global marketing fee)	(41.3)	(39.6)	4.3%
Net property income	278.6	270.4	3.0%

As we strive to reduce the negative impact from potential hike in interest rate on distributable income, the Trust Group has effectively fixed the interest rate of HK\$3,500 million of our bank loan by entering into interest rate swap contracts since early November 2016 and through early April 2017 at an average swap rate of 1.52%. Therefore, finance cost in the first half of 2017 also factored in the interest expense amounting to HK\$14.3 million paid on the swap contracts. As a result of the additional interest offset by lower amortisation of loan upfront fee, total finance cost rose 14.7% to HK\$73.2 million in the first half of 2017. Nonetheless, the 4-year interest rate swap contracts effectively convert the floating interest rate on HK\$3,500 million of our bank loans into a fixed rate and provide some stability for the Trust Group's distributable income in the coming years even if the hike of interest rate continues.

(in HK\$ million)	1H 2017	1H 2016	Change
Breakdown of Finance cost			
Interest expense on floating HK\$6.8 billion bank loan	(49.9)	(48.2)	3.5%
Amortisation of loan upfront fee	(9.0)	(15.6)	-42.3%
Net interest paid on fixed interest rate swaps	(14.3)	-	n.a.
Total Finance cost	(73.2)	(63.8)	14.7%

As swap rate was lower as of 30 June 2017, there was a decrease in fair value of derivative financial instruments amounting to HK\$50.7 million in the first half, reflecting a drop in the market value of the contracts. As fair value changes are non-cash items, they do not impact on distributable income.

While higher finance expense and booking of a decrease in fair value of derivative financial instruments contributed to lower net profit, an increase in fair value of investment properties, amounting to HK\$295.8 million in the first half period lifted net profit for the Trust Group. Profit attributable to Holders of Share Stapled Units rose 55.2% to HK\$409.7 million in the first half of 2017. Excluding the impact of the fair value change on investment properties and derivative financial instruments, profit attributable to Holders of Share Stapled Units was HK\$164.6 million for the first half of 2017, representing a small increase of 0.8% year-on-year.

(in HK\$ million)	1H 2017	1H 2016	Change
Net property income	278.6	270.4	3.0%
Interest income	1.5	0.9	66.7%
Other income	0.4	-	n.a.
Increase in fair value of investment properties (Hotel portfolio)	295.8	100.6	194.0%
Fair value change on derivative financial instruments (interest rate swaps)	(50.7)	-	n.a.
Finance cost	(73.2)	(63.8)	14.7%
Trust and other expenses	(5.5)	(7.4)	-25.7%
Profit before tax	446.9	300.7	48.6%
Income tax expense	(37.2)	(36.8)	1.1%
Profit attributable to Holders of Share Stapled Units	409.7	263.9	55.2%
Profit attributable to Holders of Share Stapled Units excluding Fair Value change on Investment Properties and Derivative Financial Instruments	164.6	163.3	0.8%

To derive the Trust Group's distributable income, net profit was adjusted for non-cash items. Items deducted from net profit were: i) increase in fair value of investment properties, and ii) cash contribution to the furniture, fixtures and equipment reserve calculated based on 1.5% of total revenue of the Hotels. On the other hand, non-cash items added back to profit included: i) hotel management and licence fees paid in Share Stapled Units, ii) amortisation of upfront loan fee, iii) fair value change on derivative financial instruments and iv) deferred taxation.

Of the adjustment items, deferred tax added back for distribution dropped by 50.4% to HK\$14.1 million in the first half of 2017, as available tax loss carry forward has been mostly depleted by end of 2016. Furthermore, amortisation of bank loan upfront fee added back for distribution has reduced by 42.3%, as the bank loan was refinanced with lower upfront cost in May 2016. These have reduced distributable income for the first half of 2017. Overall, distributable income of the Trust Group, based on a 100% distribution policy for the first half period, dropped by 8.1% year-on-year to HK\$209.6 million in the first half of 2017.

(in HK\$ million)	1H 2017	1H 2016	Change
Profit attributable to Holders of Share Stapled Units	409.7	263.9	55.2%
Add:			
Hotel management fees and Licence fee paid in Share Stapled Units	33.0	31.7	4.1%
Amortisation of upfront loan fee, a non-cash cost	9.0	15.6	-42.3%
Deferred tax	14.1	28.4	-50.4%
Fair value change on derivative financial instruments	50.7	-	n.a.
Less:			
Furniture, fixtures and equipment reserve	(11.1)	(10.9)	1.8%
Increase in fair value of investment properties	(295.8)	(100.6)	194.0%
Distributable income	209.6	228.1	-8.1%

In calculating distribution per Share Stapled Unit, it should be noted that the holding company of the Trust Group, the Great Eagle Group, has agreed to waive its entitlement to receive distributions payable in respect of its 50 million Share Stapled Units (representing approximately 2.4% of the issued Share Stapled Units of the Trust Group as at 30 June 2017) for the financial year 2017, which was down from 100 million Share Stapled Units in 2016.

Distribution per Share Stapled Unit before the impact of distribution waiver dropped by 9.0% to HK10.1 cents. However, as the number of Share Stapled Units which waving the entitlement to receive distributions in 2017 dropped by 50%, distribution per Share Stapled Unit after distribution waiver dropped by 12.0% to HK10.3 cents for the first half of 2017. It should be noted that all of the holdings of Share Stapled Units of Great Eagle Group will be entitled to receive distribution payable from 2018 onward.

Hotel Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)	
	1H 2017	1H 2016	1H 2017	1H 2016	1H 2017	1H 2016	1H 2017	1H 2016
The Langham, Hong Kong	498	498	85.6%	84.2%	2,086	2,078	1,787	1,749
<i>year-on-year growth</i>			+1.4ppt		+0.4%		+2.2%	
Cordis, Hong Kong	661	650	91.6%	85.4%	1,590	1,610	1,456	1,374
<i>year-on-year growth</i>			+6.2ppt		-1.2%		+6.0%	
Eaton, Hong Kong	465	465	96.9%	92.2%	945	963	915	888
<i>year-on-year growth</i>			+4.7ppt		-1.9%		+3.0%	
Hotels Portfolio	1,624	1,613	91.3%	87.0%	1,537	1,552	1,402	1,350
<i>year-on-year growth</i>			+4.3ppt		-1.0%		+3.9%	

Hong Kong Hotel Markets	Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)	
	1H 2017	1H 2016	1H 2017	1H 2016	1H 2017	1H 2016
High Tariff A	84.0%	81.0%	2,026	2,149	1,702	1,741
<i>year-on-year growth</i>	+3.0ppt		-5.7%		-2.2%	
High Tariff B	89.0%	87.0%	1,004	999	894	869
<i>year-on-year growth</i>	+2.0ppt		+0.5%		+2.9%	
All Hotels	87.0%	84.0%	1,228	1,258	1,068	1,057
<i>year-on-year growth</i>	+3.0ppt		-2.4%		+1.0%	

For the portfolio as a whole, RevPAR amounted to HK\$1,402 for the first half of 2017, representing a year-on-year growth of 3.9%. The growth in RevPAR was supported by an occupancy increase of 4.3 percentage points to 91.3%, offset by a 1.0% decline in average daily rates to HK\$1,537. Room revenue accounted for 55.3% of total revenue of the three hotels for the first six months of 2017.

While F&B at The Langham, Hong Kong and Cordis, Hong Kong grew, it was fully offset by reduced F&B business at Eaton, Hong Kong, which accepted fewer banqueting reservations in the first half of 2017, as it was preparing for renovations originally planned in the first quarter of 2017. Hence, total F&B revenue for the portfolio as a whole dropped slightly by 0.5% year-on-year, which accounted for 42.2% of total revenue of the hotel portfolio.

RevPAR growth of the two High Tariff A hotels, The Langham, Hong Kong and Cordis, Hong Kong were at 2.2% and 6.0% respectively for the first half of 2017. Both are better than the corresponding High Tariff A hotel market, which recorded a decline of 2.2% in RevPAR during the first half of 2017. In addition, these two hotels have maintained higher occupancy rates of 85.6% and 91.6% respectively, as compared with 84% of the corresponding High Tariff A market. Eaton, Hong Kong also outperformed the corresponding High Tariff B hotel market with a 3.0% RevPAR growth during the first half of 2017, in which the High Tariff B hotel market saw a 2.9% growth in RevPAR.

Revenue breakdown (in HK\$ million)	The Langham, Hong Kong	Cordis, Hong Kong	Eaton, Hong Kong	Total
Rooms	161.0	174.1	77.1	412.2
Food & Beverages	110.5	141.3	62.8	314.6
Others	8.9	7.8	1.4	18.1
Total revenue	280.4	323.2	141.3	744.9

Hotel portfolio's performance

(in HK\$ million, unless otherwise specified)	1H 2017	1H 2016	Change
RevPAR of the hotel portfolio (in HK\$)	1,402	1,350	3.9%
Revenue of hotel portfolio	744.9	729.1	2.2%
Hotels' gross operating profit before deduction of the global marketing fee	314.8	296.3	6.2%

For the hotel portfolio as a whole, the number of guests from Mainland China rose by 18.0% year-on-year in the first half of 2017, which more than compensated for the decline of 1.8% year-on-year in the number of guests from other Asian countries. Steady arrivals were witnessed from the U.S. and Europe, but there was a 9.2% decline in arrivals from Australia in the first half of 2017. With the growth of visitors from Mainland China, this market accounted for 33.8% of total arrivals by geographical breakdown.

	Trust Group's hotel portfolio	Overnight arrivals to Hong Kong
Year-on-year growth in guests from Mainland China	+18.0%	+5.4%
% of overnight guests from Mainland China to total arrivals	33.8%	64.7%

Performance of the individual hotels

For **The Langham, Hong Kong**, even though the Hotel witnessed a growth of 18.7% in arrivals from Mainland China in the first half of 2017, the increase was offset by declines in arrivals from other key markets such as other Asia countries, U.S., and Europe. F&B revenue for the Hotel rose by 2.0% year-on-year in the first six months of 2017. The increase was driven by growth in business from T'ang Court, which has received the prestigious Michelin three-star rating for the second consecutive year, as well as improved business at Bostonian. However, banqueting business remained soft in the first half of 2017.

At **Cordis, Hong Kong**, other than growth in arrivals from China, the Hotel also witnessed growth from arrivals across most of other key markets including Europe and U.S.. The all around growth in arrivals was in part due to a low base effect last year, when occupancy was negatively impacted by nearby protests during the Chinese New Year. Revenue from F&B also witnessed a growth of 4.2% year-on-year for the first six months of 2017. The increase was due to improved banqueting business, as well as improved business at the all day dining restaurant The Place after its renovation last year.

Eaton, Hong Kong also witnessed more arrivals from Mainland China, which increased by 17.3% year-on-year in the first six months of 2017. There was also growth in arrivals from a majority of other key markets such as Europe, the U.S. and other Asia countries. Revenue from F&B dropped by 13.0% year-on-year in the first six months of 2017, despite improved business in the Chinese restaurant which received a Michelin one-star rating. This was a consequence of the Hotel's strategy to accept fewer banqueting reservations for the first half of 2017, as the Hotel is in preparation for major renovation in the banqueting space originally planned to commence in the first quarter of 2017.

OUTLOOK

With little sign of a potential slowdown in visitor arrivals from Mainland China, the recovery for Hong Kong hotels' RevPAR is expected to continue, although the pace of RevPAR growth could be slower as occupancies are already at high levels, and travellers are still sensitive to room rates increase. On the other hand, given the substantially elevated global geopolitical risks in recent months, we must stay vigilant and be ready to react with more flexible room rates if there is a pause or even decline in the growth of visitor arrivals.

Despite uncertainty in the business environment, our strategy is the continued delivery of underlying operating profit growth by the hotels. As part of that strategy, we need to successfully differentiate from our competition and carry out asset enhancements, such as the one we have planned for Eaton, Hong Kong.

As traveller's landscape continues to evolve, the innovative reconfiguration and renovation, the first of its kind in Hong Kong we have planned for Eaton, will position the hotel to cater for the rising demand of modern travellers and their strong preference for a more energetic, interactive and experience-based stay. In addition to introducing a more engaging design for Eaton's lobby, ballroom and meeting area, there will also be the inclusion of communal spaces and co-working space to reflect the changing needs of the modern travellers. There will also be soft refurbishment on some of the rooms. We expect these refurbishments will enable Eaton to better capture its targeted travellers and allow the hotel to command better room rates and F&B business.

However, renovations at Eaton, which began in July 2017 and are expected to continue throughout the second half of 2017, will eliminate most of the hotel's F&B revenue and have a negative impact on the hotel's room revenue in the second half of 2017. Although part of the shortfall in revenue at Eaton should be offset by improved revenue of the other two hotels, the renovation at Eaton will still drag revenue of the portfolio as a whole. At the same time, higher interest expense and cash tax payment will result in lower year-on-year distribution of the Trust Group in the second half of 2017.

The recovery of Hong Kong's hotel market should support our hotel's underlying performance in the medium term. Furthermore, the recent weakness in the Hong Kong dollar had made Hong Kong relatively more attractive to international travellers, especially Mainland China tourists, which could support near term leisure and corporate travel spending. We are optimistic about the potential of the hotel industry in Hong Kong in the long term, as we believe the completion of the new tourism and infrastructure projects will further enhance visitation to Hong Kong.

FINANCIAL REVIEW

Distributions

Distributable income of the Trust Group for 2017 interim period was HK\$209,576,000, which represents 100% of total distributable income for current period (2016 interim period: HK\$228,054,000 which represents 100% of total distributable income). It is the present policy of the Trust Group to distribute between 90% to 100% of total distributable income to its Share Stapled Unitholders.

Pursuant to the Distribution Entitlement Waiver Deed, LHIL Assets Holdings Limited, a wholly-owned subsidiary of the Great Eagle Group, has agreed to waive its entitlement to receive any distributions payable in respect of a certain portion of the Share Stapled Units held by it for the period from the date of listing to 31 December 2013 and each of the years ending 31 December 2014, 2015, 2016 and 2017.

Distribution per Share Stapled Unit for current period was HK10.3 cents (six months ended 30 June 2016: HK11.7 cents) (after the adjustment for the waiver of distribution entitlement given by LHIL Assets Holdings Limited of 50,000,000 Share Stapled Units for current period (six months ended 30 June 2016: 100,000,000 Share Stapled Units)). Based on the closing Share Stapled Unit price of HK\$3.30 as at 30 June 2017, the Distribution per Share Stapled Unit represents an annualised distribution yield of 6.2%.

Net Assets Attributable to Holders of Share Stapled Units

Net Assets Attributable to Holders of Share Stapled Units was HK\$11,851.4 million or HK\$5.70 per Share Stapled Unit as at 30 June 2017 (31 December 2016: HK\$11,676.5 million or HK\$5.65 per Share Stapled Unit) which represents a 72.7% premium to the closing Share Stapled Unit price of HK\$3.30 as at 30 June 2017.

Debt Profile

Total outstanding borrowings of the Trust Group as at 30 June 2017 and 31 December 2016 were HK\$6,800 million. The secured term loan is on a floating-rate interest basis and repayable in full in May 2020.

In order to mitigate the interest rate exposure, the Trust Group entered into interest rate swap transactions of HK\$2,500 million in aggregate during the period. In addition to the HK\$1,000 million interest rate swap transaction entered in November 2016, total HK\$3,500 million or 51.5% of the outstanding term loan was fixed at a weighted average swap rate of 1.52% p.a.

The Trust Group will continue to monitor interest rate movements and may, depending on market conditions, consider to further mitigate its interest rate exposure on part of the remaining bank debt.

As at 30 June 2017, total gross assets of the Trust Group were HK\$19,069.1 million (31 December 2016: HK\$18,823.5 million). Gearing ratio, calculated as total outstanding borrowings as a percentage of total gross assets, was 35.7% (31 December 2016: 36.1%).

Cash Position

As at 30 June 2017, the Trust Group had a cash balance of HK\$225.3 million (31 December 2016: HK\$238.5 million) to satisfy a portion of asset enhancement of Eaton, Hong Kong, as well as its working capital and operating requirements. In addition, the Trust Group had unused revolving loan amounting to HK\$400 million as of 30 June 2017.

Pledge of Assets

As at 30 June 2017, investment properties of the Trust Group with a fair value of HK\$18,763 million (31 December 2016: HK\$18,432 million), together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from the properties, were pledged to secure a HK\$7,200 million term and revolving loan facilities granted to the Trust Group.

Commitments

At 30 June 2017, the Trust Group had authorised capital expenditures for investment properties which were not provided for in the condensed consolidated financial statements amounting to HK\$219,588,000 (31 December 2016: HK\$167,526,000), of which HK\$156,361,000 (31 December 2016: HK\$29,755,000) were contracted for.

Other than above, the Trust Group did not have other significant commitments at the end of the reporting period.

INTERIM DISTRIBUTION

The Trustee-Manager Board has declared an interim distribution of HK10.3 cents per Share Stapled Unit (2016: HK11.7 cents) for the six-month period ended 30 June 2017, payable on 29 September 2017 to Holders of Share Stapled Units whose names appear on the Share Stapled Units Register on 14 September 2017, except for the number of Distribution Waiver Units waived by LHIL Assets Holdings Limited pursuant to the Distribution Entitlement Waiver Deed.

The Trustee-Manager Board has confirmed, in accordance with the Trust Deed, that (i) the Auditor of the Trust has reviewed and verified the Trustee-Manager's calculation of the above distribution entitlement per Share Stapled Unit and (ii) having made all reasonable enquiries, immediately after making the above distribution to the registered unitholders of the Trust, the Trustee-Manager will be able to fulfill, from the Trust Property (as defined in the Trust Deed), the liabilities of the Trust as they fall due.

CLOSURE OF REGISTERS

The Share Stapled Units Register, the register of holders of units, the principal and Hong Kong branch registers of members, and the register of beneficial interests as established and maintained by the Trustee-Manager and the Company in accordance with the provisions of the Trust Deed will all be closed from Monday, 11 September 2017 to Thursday, 14 September 2017, both days inclusive, during which period no transfer of Share Stapled Units will be registered.

In order to qualify for the 2017 interim distribution, all properly completed transfer forms accompanied by the relevant Share Stapled Units certificates must be lodged with the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 8 September 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Pursuant to the Trust Deed, each of the Trustee-Manager and the Company must co-operate with each other to ensure that each party complies with the applicable Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and other relevant rules and regulations.

During the six-month period ended 30 June 2017, the Trust (via the Trustee-Manager) and the Company had complied with all the applicable code provisions and, where appropriate, adopted some of the recommended best practices as set out in the Corporate Governance Code. The requirement to establish a Nomination Committee is not relevant to the Trustee-Manager because the Trust Deed requires that the Directors of the Trustee-Manager shall at all times comprise the same individuals who serve as Directors of the Company. The requirement to establish a Remuneration Committee is also not relevant to the Trustee-Manager as its Directors are not entitled to any remuneration payable by the Trust or the Trustee-Manager, and the Trustee-Manager does not have any employees.

COMPLIANCE WITH THE MODEL CODE

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

Having made specific enquiry, all Directors and relevant employees of the Trustee-Manager and the Company have confirmed that they have fully complied with the Code of Conduct for Securities Transactions for the six-month period ended 30 June 2017.

BUY-BACK, SALE OR REDEMPTION OF SHARE STAPLED UNITS

Pursuant to the Trust Deed, the Trustee-Manager shall not buy-back or redeem any Share Stapled Units on behalf of the Trust unless and until expressly permitted to do so by relevant codes and guidelines issued by the Securities and Futures Commission from time to time. Accordingly, the Trust and the Company are not allowed to buy-back or redeem their own Share Stapled Units.

During the six-month period ended 30 June 2017, none of the Trust, the Trustee-Manager, the Company nor the Company’s subsidiaries had bought back, sold or redeemed any Share Stapled Units.

ISSUED SHARE STAPLED UNITS

As at 30 June 2017, the total number of issued Share Stapled Units of the Trust and the Company was 2,078,796,339. As compared with the position of 31 December 2016, 11,569,883 new Share Stapled Units were issued during the reporting period as follows:-

Date	Particulars	No. of Share Stapled Units
31 December 2016	Number of issued Share Stapled Units	2,067,226,456
1 March 2017	Issue of new Share Stapled Units at the price of HK\$3.309 per Share Stapled Unit as payment of the Hotel Management Fees and Licence Fees to the Hotel Manager of approximately HK\$38,285,000 for the second half of 2016	11,569,883
30 June 2017	Number of issued Share Stapled Units	2,078,796,339

PUBLIC FLOAT

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

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated financial statements of the Trust Group and unaudited condensed financial statements of the Trustee-Manager for the six-month period ended 30 June 2017 were prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have also been reviewed by the Audit Committees of the Trustee-Manager and the Company. Such financial information has been reviewed by Deloitte Touche Tohmatsu, the independent auditor of the Trustee-Manager and the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

ISSUANCE OF INTERIM REPORT

The 2017 Interim Report will be despatched to Holders of Share Stapled Units and published on the corporate website at www.LanghamHospitality.com and the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk in September 2017.

BOARD OF DIRECTORS

As at the date of this announcement, the Non-executive Directors are Dr. LO Ka Shui (*Chairman*) and Mr. LO Chun Him, Alexander; the Executive Director is Mr. IP Yuk Keung, Albert (*Chief Executive Officer*); and the Independent Non-executive Directors are Dr. LIN Syaru, Shirley, Mr. SO Yiu Wah, Eric and Mr. WONG Kwai Lam.

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

Hong Kong, 8 August 2017

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME OF THE TRUST AND OF THE COMPANY
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	<u>NOTES</u>	Six Months Ended 30 June	
		<u>2017</u>	<u>2016</u>
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	332,814	322,329
Property related expenses		(12,955)	(12,285)
Service fees		(41,263)	(39,661)
		<u>278,596</u>	<u>270,383</u>
Other income		1,888	928
Increase in fair value of investment properties		295,813	100,569
Fair value change on derivative financial instruments		(50,723)	-
Trust and other expenses		(5,423)	(7,405)
Finance costs	6	(73,218)	(63,770)
Profit before tax		446,933	300,705
Income tax expense	7	(37,237)	(36,789)
Profit and total comprehensive income for the period attributable to holders of Share Stapled Units	10	<u>409,696</u>	<u>263,916</u>
Basic and diluted earnings per Share Stapled Unit	11	<u>HK\$0.1970</u>	<u>HK\$0.1282</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE TRUST
AND OF THE COMPANY
AT 30 JUNE 2017**

	<u>NOTES</u>	At 30 June <u>2017</u> HK\$'000 (unaudited)	At 31 December <u>2016</u> HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		28	21
Investment properties		18,763,000	18,432,000
Derivative financial instrument		10,474	31,795
		<u>18,773,502</u>	<u>18,463,816</u>
Current assets			
Debtors, deposits and prepayments	12	70,194	121,195
Tax recoverable		7	61
Bank balances		225,347	238,473
		<u>295,548</u>	<u>359,729</u>
Current liabilities			
Creditors, deposits and accruals	13	73,371	78,358
Tax payable		55,882	32,818
		<u>129,253</u>	<u>111,176</u>
Net current assets		<u>166,295</u>	<u>248,553</u>
Total assets less current liabilities		<u>18,939,797</u>	<u>18,712,369</u>
Non-current liabilities			
Secured bank loans due after one year		6,747,597	6,738,597
Deferred tax liabilities		311,348	297,229
Derivative financial instruments		29,402	-
		<u>7,088,347</u>	<u>7,035,826</u>
NET ASSETS		<u>11,851,450</u>	<u>11,676,543</u>
Capital and reserves			
Issued capital		2,079	2,067
Reserves		11,849,371	11,674,476
TOTAL EQUITY		<u>11,851,450</u>	<u>11,676,543</u>

**NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

1. GENERAL

Langham Hospitality Investments (the "Trust") is constituted by a Hong Kong law governed trust deed and as supplemented, amended or substituted from time to time (the "Trust Deed"), entered into between LHIL Manager Limited (the "Trustee-Manager", in its capacity as the trustee-manager of the Trust) and Langham Hospitality Investments Limited (the "Company"). The Company is a company incorporated in the Cayman Islands with limited liability. The share stapled units ("Share Stapled Units") structure comprises: (a) a unit in the Trust; (b) a beneficial interest in a specifically identified ordinary share in the Company which is linked to the unit and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust; and (c) a specifically identified preference share in the Company which is "stapled" to the unit. The Share Stapled Units are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 May 2013 (the "Listing Date") (the "Listing").

The Company acts as an investment holding company. The principal activity of the Trust Group (as defined in note 2 below) is property investment.

The condensed consolidated financial statements are presented in Hong Kong dollar, which is also the functional currency of the Company.

2. BASIS OF PRESENTATION AND PREPARATION

In accordance with the Trust Deed, the Trust and the Company are each required to prepare their own sets of financial statements on a consolidated basis. The Trust's condensed consolidated financial statements for the six months ended 30 June 2017 comprise the condensed consolidated financial statements of the Trust, the Company and its subsidiaries (collectively referred to as the "Trust Group"). The Company's condensed consolidated financial statements for the six months ended 30 June 2017 comprise the condensed consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group").

The Trust controls the Company and the sole activity of the Trust during the six months ended 30 June 2017 was investment in the Company. Therefore, the consolidated results and financial position that would be presented in the condensed consolidated financial statements of the Trust Group are identical to the condensed consolidated financial statements of the Group with the only differences being disclosures of capital. The Trustee-Manager and the Directors of the Company believe therefore that it is clearer to present the condensed consolidated financial statements of the Trust Group and the Group together. The condensed consolidated financial statements of the Trust Group and the condensed consolidated financial statements of the Group are presented together to the extent they are identical and are hereinafter referred as "the Trust and the Company's Condensed Consolidated Financial Statements".

The Trust Group and the Group are referred as the "Groups".

The Trust and the Company's Condensed Consolidated Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Trust and the Company's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Groups have applied, for the first time, amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE

	Six Months Ended 30 June	
	<u>2017</u>	<u>2016</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Rental income from GE (LHIL) Lessee Limited ("Master Lessee")		
Base rent	111,575	111,885
Variable rent	<u>220,368</u>	<u>207,383</u>
	331,943	319,268
Rental income from retail shops in Eaton, Hong Kong	<u>871</u>	<u>3,061</u>
	<u><u>332,814</u></u>	<u><u>322,329</u></u>

5. SEGMENT INFORMATION

The Groups' operating segments, based on information reported to the chief operating decision maker ("CODM"), management of the Trustee-Manager and the Company, for the purpose of resource allocation and performance assessment are more specifically focused on the operating results from leasing of the three hotels, namely The Langham, Hong Kong, Cordis, Hong Kong and Eaton, Hong Kong (the "Hotels").

Segment revenue and results

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

Six months ended 30 June 2017

	The Langham, <u>Hong Kong</u> HK\$'000 (unaudited)	Cordis, <u>Hong Kong</u> HK\$'000 (unaudited)	Eaton, <u>Hong Kong</u> HK\$'000 (unaudited)	<u>Consolidated</u> HK\$'000 (unaudited)
Segment revenue	<u>124,405</u>	<u>144,742</u>	<u>63,667</u>	<u>332,814</u>
Segment results*	<u>103,946</u>	<u>120,542</u>	<u>54,108</u>	278,596
Other income				1,888
Increase in fair value of investment properties				295,813
Fair value change on derivative financial instruments				(50,723)
Trust and other expenses				(5,423)
Finance costs				<u>(73,218)</u>
Profit before tax				446,933
Income tax expense				<u>(37,237)</u>
Profit for the period attributable to holders of Share Stapled Units				<u>409,696</u>

5. SEGMENT INFORMATION - continued

Segment revenue and results - continued

Six months ended 30 June 2016

	The Langham, <u>Hong Kong</u> HK\$'000 (unaudited)	Cordis, <u>Hong Kong</u> HK\$'000 (unaudited)	Eaton, <u>Hong Kong</u> HK\$'000 (unaudited)	<u>Consolidated</u> HK\$'000 (unaudited)
Segment revenue	120,216	136,173	65,940	322,329
Segment results*	100,649	113,711	56,023	270,383
Other income				928
Increase in fair value of investment properties				100,569
Trust and other expenses				(7,405)
Finance costs				(63,770)
Profit before tax				300,705
Income tax expense				(36,789)
Profit for the period attributable to holders of Share Stapled Units				263,916

* The above segment results of each of the investment properties are arrived at after deducting the property related expenses and service fees from the revenue respectively.

Segment assets and liabilities

For the purpose of performance assessment, the fair values of investment properties are reviewed by the CODM. At the end of the reporting period, the fair values of The Langham, Hong Kong, Cordis, Hong Kong and Eaton, Hong Kong were HK\$7,155,000,000, HK\$7,945,000,000 and HK\$3,663,000,000 (31 December 2016: HK\$7,000,000,000, HK\$7,775,000,000 and HK\$3,657,000,000), respectively.

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

6. FINANCE COSTS

	Six Months Ended 30 June <u>2017</u> HK\$'000 (unaudited)	<u>2016</u> HK\$'000 (unaudited)
Interest on bank borrowings	49,365	48,101
Net interest on interest rate swaps	14,270	-
Loan front-end fee amortisation	9,000	15,581
Other borrowing costs	583	88
	<u>73,218</u>	<u>63,770</u>

7. INCOME TAX EXPENSE

	Six Months Ended 30 June	
	<u>2017</u>	<u>2016</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Hong Kong Profits Tax:		
Current tax		
- Current period	23,118	8,462
Deferred tax		
- Current period	<u>14,119</u>	<u>28,327</u>
	<u>37,237</u>	<u>36,789</u>

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

8. TOTAL DISTRIBUTABLE INCOME

Total distributable income is the profit for the period attributable to holders of Share Stapled Units as adjusted to eliminate the effects of adjustments (as set out in the Trust Deed) which have been recorded in the condensed consolidated statement of profit or loss and other comprehensive income for the relevant period. The adjustments to arrive at the total distributable income for the current interim period are set out below:

	Six Months Ended 30 June	
	<u>2017</u>	<u>2016</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period attributable to holders of Share Stapled Units	409,696	263,916
Adjustments:		
Add:		
Depreciation	5	3
Deferred tax	14,119	28,327
Non-cash finance costs	9,000	15,581
Hotel management fees and licence fee payable in form of Share Stapled Units	33,020	31,733
Fair value change on derivative financial instruments	50,723	-
Less:		
Increase in fair value of investment properties	(295,813)	(100,569)
Reserve for furniture, fixtures and equipment	<u>(11,174)</u>	<u>(10,937)</u>
Total distributable income	<u>209,576</u>	<u>228,054</u>

9. DISTRIBUTION STATEMENT

	<u>NOTE</u>	Six Months Ended 30 June <u>2017</u> HK\$'000 (unaudited)	<u>2016</u> HK\$'000 (unaudited)
<u>Interim distribution period (note a)</u>			
Total distributable income in respect of the six months ended 30 June 2017 (Six months ended 30 June 2016: in respect of the six months ended 30 June 2016)	8	209,576	228,054
Percentage of distributable income for distribution (note b)		<u>100%</u>	<u>100%</u>
Distributable income for interim distribution period		<u>209,576</u>	<u>228,054</u>
Interim distribution (note c)		<u>209,576</u>	<u>228,054</u>
<u>Final distribution period (note a)</u>			
Total distributable income in respect of the financial year ended 31 December 2016 (Six months ended 30 June 2016: in respect of the financial year ended 31 December 2015)		501,387	477,534
Less: distributable income paid for interim distribution period (note e)		<u>(230,165)</u>	<u>(227,320)</u>
Distributable income available for final distribution period		271,222	250,214
Percentage of distributable income for distribution (note b)		<u>100%</u>	<u>100%</u>
Distributable income for final distribution period		<u>271,222</u>	<u>250,214</u>
Final distribution (note c)		<u>271,222</u>	<u>250,214</u>
Distribution per Share Stapled Unit			
Interim distribution per Share Stapled Unit to be paid			
- Before taking into account the effect of the Distribution Waiver (note d)		<u>HK\$0.101</u>	<u>HK\$0.111</u>
- After taking into account the effect of the Distribution Waiver (note e)		<u>HK\$0.103</u>	<u>HK\$0.117</u>
Final distribution per Share Stapled Unit paid			
- Before taking into account the effect of the Distribution Waiver (note d)		<u>HK\$0.131</u>	<u>HK\$0.122</u>
- After taking into account the effect of the Distribution Waiver (note e)		<u>HK\$0.138</u>	<u>HK\$0.129</u>

9. DISTRIBUTION STATEMENT - continued

Notes:

- (a) The interim distribution in 2017 was based on total distributable income for the six months ended 30 June 2017.

The final distribution in 2016 is based on total distributable income for the year ended 31 December 2016.

The interim distribution in 2016 was based on total distributable income for the six months ended 30 June 2016.

- (b) The Trust Deed and the articles of association of the Company state that it is the intention of the Directors to declare and distribute (i) 100% of the total distributable income in respect of the financial year ended 31 December 2015, and (ii) not less than 90% of the total distributable income in respect of each financial year thereafter.

- (c) The interim distribution after 30 June 2017 has not been recognised as a liability as at 30 June 2017.

The final distribution after 31 December 2016 has not been recognised as a liability as at 31 December 2016.

The interim distribution after 30 June 2016 has not been recognised as a liability as at 30 June 2016.

- (d) The interim distribution per Share Stapled Unit of HK\$0.101 for the interim distribution period in 2017 is calculated based on the interim distribution of HK\$209,576,000 for the period and 2,078,796,339 Share Stapled Units as at 30 June 2017.

The interim distribution per Share Stapled Unit of HK\$0.111 for the interim distribution period in 2016 is calculated based on the interim distribution of HK\$228,054,000 for the period and 2,057,152,289 Share Stapled Units as at 30 June 2016.

The final distribution per Share Stapled Unit of HK\$0.131 in 2016 is calculated based on the final distribution of HK\$271,222,000 for the period and 2,067,226,456 Share Stapled Units as at 31 December 2016.

The final distribution per Share Stapled Unit of HK\$0.122 in 2015 is calculated based on the final distribution of HK\$250,214,000 for the period and 2,042,905,937 Share Stapled Units as at 31 December 2015.

9. DISTRIBUTION STATEMENT - continued

Notes: - continued

- (e) Pursuant to a distribution entitlement waiver deed, LHIL Assets Holdings Limited, immediate holding company of the Company, has waived its entitlement to receive any distributions payable of the Share Stapled Units held by it for the periods as set out below (the "Distribution Waiver"):

	Number of Share Stapled Units '000
Listing Date to 31 December 2013	150,000
Year ended 31 December 2014	150,000
Year ended 31 December 2015	100,000
Year ended 31 December 2016	100,000
Year ending 31 December 2017	<u>50,000</u>

The interim distribution

The interim distribution per Share Stapled Unit of HK\$0.103 in 2017 is calculated based on the interim distribution of HK\$209,576,000 for the period and 2,028,796,339 Share Stapled Units after taking into account of the 50,000,000 Share Stapled Units waived by LHIL Assets Holdings Limited as at 30 June 2017. The interim distribution will be paid to holders of Share Stapled Units on or before 29 September 2017.

The interim distribution per Share Stapled Unit of HK\$0.117 in 2016 is calculated based on the interim distribution of HK\$228,054,000 for the period and 1,957,152,289 Share Stapled Units after taking into account of the 100,000,000 Share Stapled Units waived by LHIL Assets Holdings Limited as at 30 June 2016. In consideration of 10,074,167 Share Stapled Units issued as payment of hotel management fees and licence fee for the six months ended 30 June 2016 on 30 August 2016, the number of Share Stapled Units entitled for the interim distribution in 2016 had been adjusted to be 1,967,226,456. Total distribution of HK\$230,165,000 in respect of 2016 interim distribution period was paid to holders of Share Stapled Units on 5 October 2016.

The final distribution

The final distribution per Share Stapled Unit of HK\$0.138 in 2016 is calculated based on the distributable income available for final distribution period of HK\$271,222,000 and 1,967,226,456 Share Stapled Units after taking into account of the 100,000,000 Share Stapled Units waived by LHIL Assets Holdings Limited as at 31 December 2016. In consideration of the issue of 11,569,883 Share Stapled Units issued as payment of hotel management fees and licence fee for the six months ended 31 December 2016 on 1 March 2017, the number of Share Stapled Units entitled for the final distribution in 2016 had been adjusted to be 1,978,796,339. Total distribution of HK\$273,074,000 in respect of 2016 final distribution period was paid to holders of Share Stapled Units on 19 May 2017.

9. DISTRIBUTION STATEMENT - continued

Notes: - continued

(e) - continued

The final distribution - continued

The final distribution per Share Stapled Unit of HK\$0.129 in 2015 is calculated based on the distributable income available for final distribution period of HK\$250,214,000 and 1,942,905,937 Share Stapled Units after taking into account of the 100,000,000 Share Stapled Units waived by LHIL Assets Holdings Limited as at 31 December 2015. In consideration of 14,246,352 Share Stapled Units issued as payment of hotel management fees and licence fee for the six months ended 31 December 2015 on 4 March 2016, the number of Share Stapled Units entitled for the final distribution in 2015 had been adjusted to 1,957,152,289. Total distribution of HK\$252,473,000 in respect of 2015 final distribution period was paid to holders of Share Stapled Units on 16 May 2016.

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

	Six Months Ended 30 June	
	<u>2017</u>	<u>2016</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit and total comprehensive income for the period has been arrived at after charging (crediting):		
Staff costs (including directors' emoluments)	2,415	2,224
Depreciation	5	3
Interest income	<u>(1,489)</u>	<u>(917)</u>

11. BASIC AND DILUTED EARNINGS PER SHARE STAPLED UNIT

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

	Six Months Ended 30 June	
	<u>2017</u>	<u>2016</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Earnings		
Profit for the period for the purpose of basic and diluted earnings per Share Stapled Unit	<u>409,696</u>	<u>263,916</u>

11. BASIC AND DILUTED EARNINGS PER SHARE STAPLED UNIT – continued

	Six Months Ended 30 June	
	<u>2017</u>	<u>2016</u>
	'000	'000
	(unaudited)	(unaudited)
Number of Share Stapled Units		
Weighted average number of Share Stapled Units for the purpose of basic and diluted earnings per Share Stapled Unit	<u>2,080,028</u>	<u>2,058,033</u>

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	At 30 June <u>2017</u> HK\$'000 (unaudited)	At 31 December <u>2016</u> HK\$'000 (audited)
Trade debtors	62,594	116,365
Interest receivable	165	136
Deposits and prepayments	<u>7,435</u>	<u>4,694</u>
	<u>70,194</u>	<u>121,195</u>

Rentals receivable from Master Lessee and other tenant are payable on presentation of invoices.

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

	At 30 June <u>2017</u> HK\$'000 (unaudited)	At 31 December <u>2016</u> HK\$'000 (audited)
0 - 3 months	<u>62,594</u>	<u>116,365</u>

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

Included in trade debtors is an amount due from a fellow subsidiary of HK\$62,551,000 (31 December 2016: HK\$116,365,000) which is unsecured, interest-free and payable on presentation of invoices.

13. CREDITORS, DEPOSITS AND ACCRUALS

	At 30 June <u>2017</u> HK\$'000 (unaudited)	At 31 December <u>2016</u> HK\$'000 (audited)
Trade creditors	35,564	40,073
Deposits received	343	1,394
Other creditors	6,811	7,002
Construction fee payable	22,750	25,706
Accruals and other payables	<u>7,903</u>	<u>4,183</u>
	<u><u>73,371</u></u>	<u><u>78,358</u></u>

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

	At 30 June <u>2017</u> HK\$'000 (unaudited)	At 31 December <u>2016</u> HK\$'000 (audited)
0 - 3 months	18,093	24,673
3 - 6 months	<u>17,471</u>	<u>15,400</u>
	<u><u>35,564</u></u>	<u><u>40,073</u></u>

Other creditors, accruals and other payables mainly consist of retention money payable and interest payable.

Trade creditors are amounts due to fellow subsidiaries of HK\$35,564,000 (31 December 2016: HK\$40,073,000) which are unsecured, interest-free and payable on presentation of invoices. Included in other creditors are amounts due to fellow subsidiaries of HK\$521,000 (31 December 2016: HK\$501,000) which are unsecured, interest-free and payable on presentation of invoices.

**CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME OF LHIL MANAGER LIMITED
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	<u>NOTE</u>	Six Months Ended 30 June <u>2017</u> HK\$ (unaudited)	<u>2016</u> HK\$ (unaudited)
Revenue		-	-
Administrative expenses		(10,357)	(11,957)
Less: Amount borne by a fellow subsidiary		<u>10,357</u>	<u>11,957</u>
Profit or loss before tax		-	-
Income tax	4	<u>-</u>	<u>-</u>
Profit or loss and other comprehensive income/expense for the period		<u><u>-</u></u>	<u><u>-</u></u>

CONDENSED STATEMENT OF FINANCIAL POSITION OF LHIL MANAGER LIMITED
AT 30 JUNE 2017

	At 30 June <u>2017</u> HK\$ (unaudited)	At 31 December <u>2016</u> HK\$ (audited)
Current asset		
Cash on hand	<u>1</u>	<u>1</u>
NET ASSET	<u><u>1</u></u>	<u><u>1</u></u>
Capital		
Share capital	<u>1</u>	<u>1</u>
TOTAL EQUITY	<u><u>1</u></u>	<u><u>1</u></u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF LHIL MANAGER LIMITED
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

1. GENERAL

The Company is a limited liability company incorporated in Hong Kong. The Company's parent company is LHIL Management Limited, a limited liability company incorporated in the British Virgin Islands. The Directors consider the Company's ultimate holding company to be Great Eagle Holdings Limited, a limited liability company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited.

The principal activity of the Company is administering Langham Hospitality Investments (the "Trust"), in its capacity as trustee-manager of the Trust.

The costs and expenses of administering the Trust may be deducted from all property and rights of any kind whatsoever which are held on trust for the register holders of units of the Trust, in accordance with the terms of the deed of trust dated 8 May 2013 constituting the Trust entered into between the Company and Langham Hospitality Investments Limited (the "Trust Deed") but, commensurate with its specific and limited role, the Company will not receive any fee for administering the Trust.

The Company had no income during the period, thus the distribution statement is not presented.

The condensed financial statements are presented in Hong Kong dollar, which is also the functional currency of the Company.

2. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2016 that is included in these condensed financial statements as comparative information does not constitute the Company's statutory annual financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

2. BASIS OF PREPARATION - continued

As the Company is a private company, the Company is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis.

The accounting policies and methods of computation used in the condensed financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Company has applied, for the first time, amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

The application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed financial statements.

4. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the condensed financial statements as the Company did not have any assessable profits during both periods.