

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

LANGHAM

HOSPITALITY INVESTMENTS

Langham Hospitality Investments

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

and

Langham Hospitality Investments Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1270)

2015 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 2015 as follows:

FINANCIAL HIGHLIGHTS

(in HK\$ million, unless otherwise specified)	1H 2015	1H 2014	Change
Total Rental Income	323.2	368.3	-12.2%
Net Property Income	265.9	305.3	-12.9%
Profit attributable to Holders of Share Stapled Units	80.7	192.3	-58.0%
Profit attributable to Holders of Share Stapled Units excluding a change in fair value of investment properties	165.7	188.4	-12.0%
Distributable Income	226.4	272.6	-16.9%
Distribution per Share Stapled Unit (Before distribution waiver)	HK11.1 cents	HK13.5 cents	-17.8%
Distribution per Share Stapled Unit (After distribution waiver)	HK11.7 cents	HK14.6 cents	-19.9%
	As at 30 Jun 2015	As at 31 Dec 2014	
Gross value of Portfolio	17,000	17,000	
Net Asset Value per Share Stapled Unit	HK\$5.17	HK\$5.28	
Gearing ratio	38.7%	38.4%	

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

A marked deterioration was witnessed in Hong Kong's hotel industry in the first half of 2015, as the number of overnight visitor arrivals to Hong Kong declined year-on-year during the period. The decline in overnight arrivals was across different markets led by a drop in arrivals from Mainland China. The U.S. was the only key market that sustained a small growth. Given the weaker demand for hotel rooms, both occupancy and average room rates have dropped for the overall hotel industry in the first half of 2015.

Against the backdrop of a strong Hong Kong dollar, other tourist destinations, especially those countries with relaxed visa policies and whose currencies have depreciated rapidly, have become cheaper and more attractive alternatives. Furthermore, the already soft trend in arrivals to Hong Kong was further exacerbated by the negative impact of the anti-parallel trading protests in March 2015, which targeted cross-border parallel traders and shoppers from Mainland China. Even though the protests ended in the same month, they have raised concerns about safety for tourists from Mainland China, and as a result, overnight tourist visitation from Mainland China was very weak throughout the second quarter of 2015.

Despite an overall softer than expected demand for rooms over the first half period, the Trust Group made good use of this period of time to accelerate its planned renovations. Renovation at The Langham, Hong Kong, has been brought forward to early June from the end of June, whereas at Langham Place Hotel, Hong Kong, the number of rooms included in the first phase of the planned renovation in April has been increased to 61 rooms from 56 as previously planned. Such re-scheduling minimised disruption to the Hotels' business which was soft, whereas early completion of the room renovation will allow the Hotels to better capture demand when it recovers.

Based on an average of 1,556 available rooms in the first half of 2015, which were 44 rooms fewer than that in the same period of the prior year, RevPAR for our hotel portfolio dropped by 12.6% year-on-year during the period. Despite our instantaneous response to lower room rates, occupancy continued to decline over the first half period which reflected the weak demand for hotel rooms. As such, the decline in RevPAR was a combined result of a 6.1% year-on-year drop in average room rates and a 6.4 percentage points drop in occupancy.

As for the performance of the individual hotels, RevPAR decline of our two High Tariff A hotels, The Langham, Hong Kong and Langham Place Hotel, Hong Kong, averaged 11.4%, which was inline with their respective High Tariff A hotel market (considered as 5-star rated hotels), which dropped by 11.5% year-on-year during the same period. RevPAR decline of 16.1% year-on-year of our High Tariff B hotel, Eaton, Hong Kong was also similar to the decline witnessed for its respective High Tariff B hotel market (considered as 4-star rated hotel), which saw a drop of 16.2% year-on-year in RevPAR over the same period.

Room revenue of the hotel portfolio dropped by 15.0% year-on-year in the first half of 2015, while revenue from Food and Beverage (“F&B”) of the portfolio held up better and declined by only 1.6% year-on-year. If it wasn’t due to the two-month closure of The Place restaurant at Langham Place Hotel, Hong Kong due to renovation, there would have been a slight year-on-year increase in revenue from F&B for the portfolio.

Total revenue of the hotel portfolio dropped by 9.5% year-on-year to HK\$738.4 million in the first half of 2015, and given the high fixed-cost structure of the hotel business, the drop in operating profit before deduction of the global marketing fees was more severe, which decreased by 17.8% year-on-year to HK\$298.5 million in the first half of 2015.

Nonetheless, as the Hotels of the Trust Group are leased to GE (LHIL) Lessee Limited (the “Lessee”), the weaker performance of the hotel portfolio only affected the variable rental income received by the Trust Group. Supported by a portion of rental income that is fixed, the total rental income received by the Trust Group declined by a relatively smaller extent at 12.2% year-on-year, or HK\$323.2 million, in the first half of 2015.

A key distorting factor that undermined this year’s interim results was recognition of a decrease in fair value of the investment properties, which amounted to HK\$85.0 million in the first half of 2015, as compared with an increase in fair value of HK\$3.9 million booked in the same period last year. As the Trust Group had spent an additional HK\$85.0 million in asset enhancements on the Hotels during the first half period, valuation should increase by the same amount. However, since valuation of the investment properties was unchanged, a shortfall or decrease in fair value was recorded in the Profit and Loss.

Taking into account of the above-mentioned decrease in fair value of investment properties, and further deducting finance cost of HK\$65.8 million, as well as adjusting for other income and expense, net profit of the Trust Group decreased by 58.0% year-on-year to HK\$80.7 million in the first half of 2015. If we exclude the impact of the fair value change on investment properties, net profit would have been HK\$165.7 million in the first half of 2015, or a drop of 12.0% year-on-year.

Distributable income, which was mainly adjusted for non-cash items, declined by 16.9% year-on-year to HK\$226.4 million for the first half of 2015. Distribution per Share Stapled Unit before distribution waived by the Great Eagle Group was HK11.1 cents and HK11.7 cents after the impact of distribution waiver was reflected.

Supported by recent comparable hotel sales transactions, despite challenging hotel markets, valuation of the Trust Group's hotel property portfolio remained at HK\$17,000 million as at 30 June 2015. The Trust Group had bank loans of HK\$6,800 million and Net Asset Value of the Trust Group amounted to HK\$10,516 million or HK\$5.17 per Share Stapled Unit, decreased from HK\$5.28 per Share Stapled Unit as at 31 December 2014.

Despite headwinds facing the Hong Kong hotel industry in the short to medium term, we remain optimistic about the long-term potential and strength of the Hong Kong hotel market, as more tourism and infrastructure projects will be completed, which serve to support Hong Kong's hotel industry over the long term. However, as a result of the current challenging operating environment, Langham Hotels International Limited (the "Hotel Manager") has taken a more proactive approach in managing the Hotels in order to mitigate the impact of lower visitation arrivals and lower revenue.

Apart from actively containing the operating costs and adjusting hotel room rates to maintain competitiveness, the Hotels also target to build more base business through aggressive marketing in targeting Meetings, Incentives, Conferences, and Exhibitions (MICE) or group travellers. At the same time, asset enhancement initiatives will continue, so as to foster faster organic growth when demand for hotel rooms returns.

Finally, it should be noted that the rebranding of Langham Place Hotel, Hong Kong to the "Cordis" brand has been rescheduled to August 2015, from the second quarter of 2015 previously mentioned. This slight delay was due to longer than expected time to obtain the necessary approvals from certain government regulatory bodies. The rebranding in August ties in nicely with the majority completion of hotel renovations, and we expect the new "Cordis" brand will allow the Hotel Manager to better position and market the Hotel, and operate with higher profitability in due course.

OPERATIONAL REVIEW

As the Hotels of the Trust Group are leased to the Lessee, an indirect wholly-owned subsidiary of Great Eagle, the Trust Group receives rent in the form of a pre-determined fixed base rent (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 base and variable rental income from the Lessee, the Trust Group also receives rental income directly from the retail shops located at Eaton, Hong Kong that are leased to independent third parties.

For the six months ended 30 June 2015, fixed base rental income from the Lessee and direct rental income received from the retail shops at Eaton, Hong Kong were flat at HK\$111.6 million and HK\$2.7 million respectively, which aggregately accounted for 35.4% of total rental income of the Trust Group. Meanwhile, variable rental income, which is pegged to the performance of the hotels, dropped by 17.8% year-on-year to HK\$208.9 million for the first half of 2015 due to a decline in operating profit of the hotel portfolio. Total rental income received by the Trust Group was HK\$323.2 million in the reporting period, representing a year-on-year decline of 12.2%.

	(in HK\$ million)		
	1H 2015	1H 2014	Change
Variable rental income	208.9	254.2	-17.8%
Base rental income	111.6	111.6	0.0%
Rental income from retail shops	2.7	2.5	+ 8.0%
Total rental income to the Trust Group	323.2	368.3	-12.2%

As the Trust Group primarily 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 hotel management fee, licence fee and global marketing fee.

Hotel management fee paid to the Hotel Manager for its services accounts for the largest share of service fees. Hotel management fee is 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. As both the revenue and adjusted operating profit of the hotel portfolio have declined in the first half of 2015, hotel management fee payable to the Hotel Manager dropped by 14.9% year-on-year to HK\$24.6 million in the first half of 2015.

In addition to the hotel management fee, service fees payable to the Hotel Manager also include the licence fee, which is calculated based on 1% of total revenue of the Hotels, and a global marketing fee, calculated at 2% of total room revenue of the Hotels. It should be noted that when calculating the distributable income, global marketing fee is paid in cash, while hotel management fee 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 license fees to be paid in the form of Share Stapled Units, cash or a combination of both.

	(in HK\$ million)		
	1H 2015	1H 2014	Change
Hotel management fee	24.6	28.9	-14.9%
Licence fee	7.4	8.2	-9.8%
Global marketing fee	8.1	9.5	-14.7%
Total service fees	40.1	46.6	-13.9%

Related expenses of hotel properties are comprised of building management fee, insurance and government rent and rates. These expenses rose by 4.9% year-on-year to HK\$17.2 million in the first half of 2015, which was due to higher government rent and rates and building management fee. The higher payment of government rent and rates was attributable to higher assessed valuation of the hotel properties on which the government rent and rates are based.

	(in HK\$ million)		
	1H 2015	1H 2014	Change
Total rental income	323.2	368.3	-12.2%
Hotel properties related expenses	(17.2)	(16.4)	+ 4.9%
Service fees (hotel management fee, licence fee and global marketing fee)	(40.1)	(46.6)	-13.9%
Net property income	265.9	305.3	-12.9%

Finance cost rose slightly by 1.5% year-to-year to HK\$65.8 million in the first half of 2015. Finance cost, which is comprised of an amortization of the upfront loan fee and interest expense payable for the period, is the single largest cost item incurred by the Trust Group for the period. Amortization of the upfront loan fee is a non-cash item and was fixed at the same amount as that amortised last year. Interest expense, which is calculated at a spread of 120 basis points over HIBOR, climbed 1.9% year-on year in the first half of 2015. The increase was due to a slightly higher HIBOR rate in the first half of 2015 as compared with that in the first half of last year.

During the first half of 2015, the Trust Group recorded an interest income of HK\$7.4 million, which was 24.5% lower than that recorded in the same period last year. A majority of such income was derived from the Trust Group's deposits in Renminbi. While the interest rate of the Trust Group's Renminbi deposits remained high at over 3% per annum, the Trust Group's Renminbi deposits were lower for first half period, as part of the deposits had been converted into Hong Kong dollars for payment of the renovation programmes. Such conversion has resulted in a realised exchange loss of HK\$4.9 million during the period and it will be deducted from the calculation of distributable income for the period.

Included in the 2015 interim results was a decrease in the fair value of investment properties amounting to HK\$85.0 million, which is a non-cash item and will be deducted from the calculation of distributable income. Income tax expense incurred by the Trust Group during the first six months of 2015 was HK\$35.7 million, and profit attributable to Holders of Share Stapled Units dropped by 58.0% to HK\$80.7 million in the first half of 2015. If we strip out the impact of the fair value change of investment properties, net profit attributable to Holders of Share Stapled Units would have been HK\$165.7 million in the first half of 2015, or a drop of 12.0% year-on-year.

	(in HK\$ million)		
	1H 2015	1H 2014	Change
Net property income	265.9	305.3	-12.9%
Interest income	7.4	9.8	-24.5%
Other income	0.1	-	n.a.
Net exchange loss	(1.0)	(13.8)	-92.8%
(Dec.)/Inc. in fair value of investment properties	(85.0)	3.9	n.a.
Finance cost	(65.8)	(64.8)	+1.5%
Trust and other expenses	(5.2)	(5.3)	-1.9%
Profit before tax	116.4	235.1	-50.5%
Income tax expense	(35.7)	(42.8)	-16.6%
Profit attributable to Holders of Share Stapled Units	80.7	192.3	-58.0%
Profit attributable to Holders of Share Stapled Units excluding a change in fair value of investment properties	165.7	188.4	-12.0%

In order to derive the Trust Group's distributable income, non-cash items are added back to profit. These items include decrease in fair value of investment properties, hotel management and licence fees paid in Share Stapled Units, amortisation of upfront loan fee and deferred taxation. However, there are two deduction adjustments relating to: i) cash contribution to the furniture, fixtures and equipment reserve, which is based on 1.5% of total revenue of the Hotels; and ii) realised exchange loss. Overall, distributable income of the Trust Group dropped by 16.9% year-on-year to HK\$226.4 million in the first half of 2015.

	(in HK\$ million)		
	1H 2015	1H 2014	Change
Profit attributable to Holders of Share Stapled Units	80.7	192.3	-58.0%
Add:			
Hotel management and Licence fee	32.0	37.1	-13.7%
Amortization of debt upfront fee, a non-cash cost	17.0	17.0	-
Deferred tax	26.7	28.5	-6.3%
Decrease in fair value of investment properties	85.0	-	n.a.
Net exchange loss on Renminbi holdings	1.0	13.8	- 92.8%
Less:			
Realised exchange loss on Renminbi holdings	(4.9)	-	n.a.
Furniture, fixtures and equipment reserve	(11.1)	(12.2)	- 9.0%
Increase in fair value of investment properties	-	(3.9)	n.a.
Distributable income	226.4	272.6	-16.9%

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 100 million Share Stapled Units (representing approximately 4.9% of the issued Share Stapled Units of the Trust Group as at 30 June 2015) for the financial year 2015, which was down from 150 million Share Stapled Units in 2014. Going forward, the number of distribution waiver units will remain at 100 million Share Stapled Units for the financial year 2016, and reduce to 50 million Share Stapled Units for the financial year 2017, and all of the holdings of Share Stapled Units of Great Eagle Group will be entitled to receive distribution payable from 2018 onward.

The distribution waiver is meant to minimise the dilution impact on the yield of the Trust Group, as additional Share Stapled Units were issued at the time of the initial public offering, with the majority of the surplus additional funds raised being set aside for asset enhancement works of the three Hotels. For the first six months ended 30 June 2015, distribution per Share Stapled Unit was HK11.1 cents before the impact of distribution waiver, whereas distribution per Share Stapled Unit after distribution waiver was HK11.7 cents.

As at 30 June 2015, net debt was approximately HK\$6,322 million, which consisted of debt of HK\$6,800 million offset by cash of HK\$478 million. The debt, which was drawn for financing the acquisition of the hotel properties, will mature on 29 May 2016. As at 30 June 2015, the gearing ratio of the Trust Group was 38.7%. Majority of the cash balance will be used to fund the remaining asset enhancement of the three Hotels.

Hotel Performance

	Average Daily Rooms Available		Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)	
	1H 2015	1H 2014	1H 2015	1H 2014	1H 2015	1H 2014	1H 2015	1H 2014
The Langham, Hong Kong	472	485	81.8%	88.0%	2,204	2,291	1,802	2,017
<i>year-on-year growth</i>				<i>-6.2ppt</i>		<i>-3.8%</i>		<i>-10.7%</i>
Langham Place Hotel, Hong Kong	619	650	88.2%	92.5%	1,725	1,871	1,522	1,731
<i>year-on-year growth</i>				<i>-4.3ppt</i>		<i>-7.8%</i>		<i>-12.1%</i>
Eaton, Hong Kong	465	465	86.2%	95.7%	1,097	1,178	946	1,127
<i>year-on-year growth</i>				<i>-9.5ppt</i>		<i>-6.9%</i>		<i>-16.1%</i>
Hotels average	519	533	85.7%	92.1%	1,675	1,784	1,435	1,643
<i>year-on-year growth</i>				<i>-6.4 ppt</i>		<i>-6.1%</i>		<i>-12.6%</i>

Hong Kong Hotel Markets	Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)	
	1H 2015	1H 2014	1H 2015	1H 2014	1H 2015	1H 2014
High Tariff A	82.0%	86.0%	2,270	2,446	1,861	2,104
<i>year-on-year growth</i>		<i>-4.0ppt</i>		<i>-7.2%</i>		<i>-11.5%</i>
High Tariff B	86.0%	91.0%	1,068	1,204	918	1,096
<i>year-on-year growth</i>		<i>-5.0ppt</i>		<i>-11.3%</i>		<i>-16.2%</i>

With fewer available rooms in the first half of 2015 as compared with those in the same period last year, the hotel portfolio achieved a RevPAR of HK\$1,435 during the first six months of 2015, which was 12.6% lower than that achieved in the first half of last year. The decline was led by a 6.4 percentage points in occupancy, which dropped to 85.7% during the period, and a 6.1% decline in average daily rates, which fell to HK\$1,675. Room revenue accounted for 54.7% of total revenue of the hotel portfolio in the first six months of 2015.

Revenue from F&B decreased by 1.6% year-on-year, as compared with the first six months of last year. If there was not a decline in F&B revenue witnessed at Langham Place Hotel, Hong Kong due to the renovation of The Place, there would have been a growth of 0.9% in F&B revenue. In general, growth in businesses from banqueting and at the restaurants was witnessed for the first half period, as they were mostly domestically driven. F&B revenue accounted for 42.9% of total revenue of the three Hotels during the first six months of 2015.

The decline in operating profit before deduction of the global marketing fees of the portfolio was larger than that in RevPAR of the Hotels during the first six months of 2015, which was primarily attributable to the impact of negative operating leverage. Operating profit before deduction of the global marketing fees dropped by 17.8% year-on-year to HK\$298.5 million in the first half of 2015.

Revenue breakdown (in HK\$ million)	The Langham, Hong Kong	Langham Place Hotel, Hong Kong	Eaton, Hong Kong	Total
Room	154.1	170.5	79.6	404.2
F&B	107.3	131.4	77.9	316.6
Others	6.9	9.0	1.7	17.6
Total revenue	268.3	310.9	159.2	738.4

In the first six months of 2015, demand for rooms from overnight tourists of Mainland China declined by 10.9% year-on-year. Furthermore, arrivals to our Hotels from other key markets, including other Asian countries, Australia, U.S. and Europe, have all dropped in the first half of 2015, as compared with that in the first half of 2014. Despite the decline in visitors from Mainland China, this market still accounted for 29.7% 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	-10.9%	-3.8%
% of overnight guests from Mainland China to total arrivals	29.7%	67.6%

Performance of the individual hotels

For **The Langham, Hong Kong**, arrivals from Mainland China managed to sustain and remain flat in the first half of 2015, as compared with that in the same period last year. However, arrivals fell for almost all of the other key markets, including arrivals from other Asian countries, Australia, Europe and the U.S. While the rate of decline for arrivals from the U.S. was a modest one, the decline was much more severe for arrivals from other countries, especially arrivals from Australia and Europe.

For the first six months ended June 2015, the Hotel achieved an average occupancy of 81.8% on an average of 472 rooms (1H 2014: 88% on an average of 485 rooms) and an average room rate of HK\$2,204 (1H 2014: HK\$2,291).

At The Langham, Hong Kong, revenue from F&B rose by 2.8% year-on-year in the first six months of 2015. The increase was fuelled by stronger banqueting business, as well as pick-up in business from the Chinese restaurant.

At **Langham Place Hotel, Hong Kong**, business started on a negative note, as room bookings in the early part of 2015 were already negatively impacted by the lagged effect of the “Occupy Central” protests. As such, the Hotel started to build up business from the lower yielding aircrew travellers earlier during the year, and there was a 13.4% year-on-year growth in arrivals from this group. The Hotel also saw an increase in arrivals from Mainland China, which was up by 4.3% year-on-year, but arrivals fell from all other key markets.

For the first six months ended June 2015, the Hotel achieved an average occupancy of 88.2% on an average of 619 rooms (1H 2014: 92.5% on an average of 650 rooms) and an average room rate of HK\$1,725 (1H 2014: HK\$1,871).

For Langham Place Hotel, Hong Kong, revenue from F&B dropped by 7.6% year-on-year for the first six months of 2015. The decline was largely due to the renovation at the all day dining restaurant, The Place, which was closed for 2 months in the first quarter of 2015, as well as a slowdown in the Hotel’s catering business.

Eaton, Hong Kong, faced severe impact from weaker overnight tourist visitations from Mainland China, and the hotel witnessed a 33% year-on-year drop in arrivals from the Mainland China market in the first half of 2015. Even though there were increases in arrivals from some of the other key markets like Australia and the U.K., such increase was unable to offset the large decline in arrivals from Mainland China.

For the first six months ended June 2015, the Hotel achieved an average occupancy of 86.2% (1H 2014: 95.7%) and an average room rate of HK\$1,097 (1H 2014: HK\$1,178).

Revenue from F&B rose by 3.5% year-on-year in the first six months of 2015. The growth was attributable to an increased number of guests with improved average spending in its catering business, as well as improvements from most of its restaurants.

OUTLOOK

The Hong Kong dollar is expected to remain strong or even appreciate further in the second half of 2015 as interest rates are set to rise. This would continue to shift leisure travellers to other tourist destinations with cheaper currency. At the same time, travel sentiment for Mainland tourists visiting Hong Kong remains weak despite the anti-parallel trading protests have ended several months ago.

All-in-all, overnight arrivals to Hong Kong will likely be under pressure in the short to near term. Nonetheless, new supply of hotel rooms in Hong Kong remains low and there is also a relatively low base effect in the fourth quarter of last year, during which business has been dampened by the Occupy Central protest. However, in July 2015, demand for rooms remained lacklustre and there was a high-teens year-on-year percentage drop in RevPAR for the portfolio.

Despite challenging operating environment for the short to medium term, the long-term potential of the Hong Kong hospitality industry should remain positive. As more tourism and infrastructure projects are completed, they will continue to support Hong Kong as a major MICE and leisure destination in the world. In addition, the Trust Group's hotel portfolio is well positioned to benefit from a recovery in demand for rooms, given the asset enhancement initiatives that have been put in place.

At The Langham, Hong Kong, the last phase of the renovation programme which included about 128 rooms, has begun in early June 2015, and is expected to complete in September 2015. Major renovations at the Langham Place Hotel, Hong Kong have also commenced since March 2015. Renovation at The Place, which is the main restaurant serving all day dining, was completed in April 2015, whereas renovation of the rooms has started in April 2015 and is expected to complete in November 2015. Renovation plan for Eaton, Hong Kong, which includes refurbishment of the lobby, ballroom, meeting space and the hotel entrance has been scheduled to commence in second half of 2016, as the design, which embraces a more engaging concept with more well-used communal spaces, is still being finalised.

Although renovations of the guest rooms at The Langham, Hong Kong and the Langham Place Hotel, Hong Kong will further hold back revenue and earnings growth of these Hotels in 2015, the renovation projects will enhance the Hotels' competitiveness and help them command better room rates and occupancy, which will drive earnings growth in future years.

FINANCIAL REVIEW

Distributions

The distributable income of the Trust Group for the 2015 interim period was HK\$226,433,000, which represents 100% of total distributable income for current period (six months ended 30 June 2014: HK\$272,603,000). It is the stated intention of the Board to distribute 100% of total distributable income in respect of the period from the Listing Date to 31 December 2013 and each financial year ending 31 December 2014 and 2015 and not less than 90% of total distributable income in respect of each financial year thereafter.

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 Listing Date to 31 December 2013 and each of the years ending 31 December 2014, 2015, 2016 and 2017.

The Distribution per Share Stapled Unit for current period was HK11.7 cents (six months ended 30 June 2014: HK14.6 cents) (after the adjustment for the waiver of distribution entitlement given by LHIL Assets Holdings Limited of 100,000,000 Share Stapled Units (six months ended 30 June 2014: 150,000,000 Share Stapled Units)). Based on the closing Share Stapled Unit price of HK\$3.33 as at 30 June 2015, the Distribution per Share Stapled Unit represents an annualized distribution yield of 7.03%.

Net Assets Attributable to Holders of Share Stapled Units

Net Assets Attributable to Holders of Share Stapled Units was HK\$10,516 million or HK\$5.17 per Share Stapled Unit as at 30 June 2015 (31 December 2014: HK\$10,683 million or HK\$5.28 per Share Stapled Unit) which represents a 55.3% premium to the closing Share Stapled Unit price of HK\$3.33 as at 30 June 2015.

Debt Profile

Total outstanding borrowings of the Trust Group as at 30 June 2015 and 31 December 2014 were HK\$6,800 million. The secured term loan is on a floating-rate interest basis and repayable in full on 29 May 2016. The Trust Group will closely monitor interest rate movements and may, depending on market conditions, consider fixing the interest rate on part or all of the bank debt.

As at 30 June 2015, total gross assets of the Trust Group were HK\$17,575 million (31 December 2014: HK\$17,705 million). The gearing ratio, calculated as total outstanding borrowings as a percentage of gross assets, was 38.7% (31 December 2014: 38.4%).

Cash Position

As at 30 June 2015, the Trust Group had a cash balance of HK\$478 million (31 December 2014: HK\$649 million) to satisfy the asset enhancement of the 3 hotels, the working capital and operating requirements.

Pledge of Assets

As at 30 June 2015, investment properties of the Trust Group with a fair value of HK\$17,000 million (31 December 2014: HK\$17,000 million), together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from the properties, were pledged to a HK\$6,800 million syndicated bank facility granted to the Trust Group.

Commitments

At 30 June 2015, the Trust Group had authorised capital expenditures for investment properties which were not provided for in the condensed consolidated financial statements amounting to HK\$141,125,000 (31 December 2014: HK\$209,157,000) of which HK\$114,000,000 (31 December 2014: HK\$56,276,000) were contracted for.

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

INTERIM DISTRIBUTION

The Trustee-Manager Board has declared an interim distribution of HK11.7 cents per Share Stapled Unit (2014: HK14.6 cents) for the six-month period ended 30 June 2015, payable on 2 October 2015 to Holders of Share Stapled Units whose names appear on the Share Stapled Units Register on 15 September 2015, 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 Thursday, 10 September 2015 to Tuesday, 15 September 2015, both days inclusive, during which period no transfer of Share Stapled Units will be registered.

In order to qualify for the 2015 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 Wednesday, 9 September 2015.

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 2015, 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 2015.

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 2015, 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 SHARES STAPLED UNITS

As at 30 June 2015, the total number of issued Units of the Trust and the Company was 2,032,888,934. As compared with the position of 31 December 2014, 10,498,075 new Share Stapled Units were issued during the reporting period as follows:-

Date	Particulars	No. of Share Stapled Units
31 December 2014	Number of issued Share Stapled Units	2,022,390,859
3 March 2015	Issue of new Share Stapled Units at the price of HK\$3.68 per Share Stapled Unit as payment of the Hotel Management Fees and Licence Fees to the Hotel Manager of approximately HK\$38,633,000 for the second half of 2014	10,498,075
30 June 2015	Number of Issued Share Stapled Units	2,032,888,934

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 months ended 30 June 2015 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 2015 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 early September 2015.

BOARD OF DIRECTORS

As of the date of this announcement, the Non-executive Directors are Dr. LO Ka Shui (*Chairman*) and Ms. LO Bo Lun, Katherine (Mr. LO Chun Him, Alexander as her alternate); 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, 6 August 2015

**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 2015**

	<u>NOTES</u>	Six Months Ended 30 June	
		<u>2015</u>	<u>2014</u>
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	323,201	368,287
Property related expenses		(17,167)	(16,363)
Service fees		(40,139)	(46,578)
		<u>265,895</u>	<u>305,346</u>
Other income		7,524	9,768
(Decrease) increase in fair value of investment properties		(85,043)	3,949
Trust and other expenses		(6,219)	(19,095)
Finance costs	6	(65,746)	(64,841)
Profit before tax		116,411	235,127
Income tax expense	7	(35,751)	(42,779)
Profit and total comprehensive income for the period attributable to holders of Share Stapled Units	10	<u><u>80,660</u></u>	<u><u>192,348</u></u>
Basic earnings per Share Stapled Unit	11	<u><u>HK\$0.0397</u></u>	<u><u>HK\$0.0955</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE TRUST
AND OF THE COMPANY
AT 30 JUNE 2015**

	<u>NOTES</u>	At 30 June <u>2015</u> HK\$'000 (unaudited)	At 31 December <u>2014</u> HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		22	25
Investment properties		17,000,000	17,000,000
		<u>17,000,022</u>	<u>17,000,025</u>
Current assets			
Debtors, deposits and prepayments	12	96,868	55,024
Tax recoverable		-	283
Restricted cash		60,000	60,000
Bank balances		418,374	589,248
		<u>575,242</u>	<u>704,555</u>
Current liabilities			
Creditors, deposits and accruals	13	69,592	84,448
Secured bank loans due within one year		6,769,016	-
Tax payable		8,844	61
		<u>6,847,452</u>	<u>84,509</u>
Net current (liabilities) assets		<u>(6,272,210)</u>	<u>620,046</u>
Total assets less current liabilities		<u>10,727,812</u>	<u>17,620,071</u>
Non-current liabilities			
Secured bank loans due after one year		-	6,752,016
Deferred tax liabilities		212,212	185,549
		<u>212,212</u>	<u>6,937,565</u>
NET ASSETS		<u>10,515,600</u>	<u>10,682,506</u>
Capital and reserves			
Issued capital		2,033	2,022
Reserves		10,513,567	10,680,484
TOTAL EQUITY		<u>10,515,600</u>	<u>10,682,506</u>

**NOTES TO THE TRUST AND THE COMPANY'S CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

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 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 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 dollars, which is also the functional currency of the Company.

2. BASIS OF PRESENTATION AND PREPARATION

In accordance with 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 2015 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 2015 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 2015 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 are identical to the condensed consolidated financial statements of the Company with the only differences being disclosures of capital of the Company. 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 and the Company together. The condensed consolidated financial statements of the Trust and the condensed consolidated financial statements of the Company 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".

2. BASIS OF PRESENTATION AND PREPARATION - continued

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 HKICPA and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The Trust and the Company's condensed consolidated financial statements have been prepared on a going concern basis because the Trustee-Manager and the Directors of the Company are of the opinion that the banking facilities could be refinanced taking into account of the existing banking relationship and the current fair value of the assets of the Groups.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for investment properties, 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 2015 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 2014.

In the current interim period, the Groups have applied, for the first time, certain 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>2015</u>	<u>2014</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Rental income from GE (LHIL) Lessee Limited ("Master Lessee")		
Base rent	111,576	111,576
Variable rent	<u>208,919</u>	<u>254,190</u>
	320,495	365,766
Rental income from retail shops in Eaton, Hong Kong	<u>2,706</u>	<u>2,521</u>
	<u>323,201</u>	<u>368,287</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 Directors of 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, Langham Place Hotel, 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 2015

	<u>The Langham, Hong Kong</u> HK\$'000 (unaudited)	<u>Langham Place Hotel, Hong Kong</u> HK\$'000 (unaudited)	<u>Eaton, Hong Kong</u> HK\$'000 (unaudited)	<u>Consolidated</u> HK\$'000 (unaudited)
Segment revenue	<u>117,053</u>	<u>138,668</u>	<u>67,480</u>	<u>323,201</u>
Segment results*	<u>97,387</u>	<u>111,689</u>	<u>56,819</u>	265,895
Other income				7,524
Decrease in fair value of investment properties				(85,043)
Trust and other expenses				(6,219)
Finance costs				<u>(65,746)</u>
Profit before tax				116,411
Income tax expense				<u>(35,751)</u>
Profit for the period attributable to holders of Share Stapled Units				<u>80,660</u>

5. SEGMENT INFORMATION - continued

Segment revenue and results - continued

Six months ended 30 June 2014

	<u>The Langham, Hong Kong HK\$'000 (unaudited)</u>	<u>Langham Place Hotel, Hong Kong HK\$'000 (unaudited)</u>	<u>Eaton, Hong Kong HK\$'000 (unaudited)</u>	<u>Consolidated HK\$'000 (unaudited)</u>
Segment revenue	131,794	161,889	74,604	368,287
Segment results*	110,374	132,027	62,945	305,346
Other income				9,768
Increase in fair value of investment properties				3,949
Trust and other expenses				(19,095)
Finance costs				(64,841)
Profit before tax				235,127
Income tax expense				(42,779)
Profit for the period attributable to holders of Share Stapled Units				192,348

* 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, Langham Place Hotel, Hong Kong and Eaton, Hong Kong were HK\$6,190,000,000, HK\$7,190,000,000 and HK\$3,620,000,000 (31 December 2014: HK\$6,130,000,000, HK\$7,120,000,000 and HK\$3,750,000,000), 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>2015</u>	<u>2014</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings wholly repayable within five years	48,456	47,551
Loan front-end fee amortisation	17,000	17,000
Other borrowing costs	290	290
	<u>65,746</u>	<u>64,841</u>

7. INCOME TAX EXPENSE

	Six Months Ended 30 June	
	<u>2015</u>	<u>2014</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
Hong Kong Profits Tax:		
Current period	9,102	14,192
Overprovision in prior year	(14)	-
	<u>9,088</u>	<u>14,192</u>
Deferred tax:		
Current period	<u>26,663</u>	<u>28,587</u>
	<u>35,751</u>	<u>42,779</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>2015</u>	<u>2014</u>
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period attributable to holders of Share Stapled Units	80,660	192,348
Adjustments:		
Add:		
Depreciation	3	1
Deferred tax	26,663	28,587
Non-cash finance costs	17,000	17,000
Hotel management fees and licence fee payable in form of Share Stapled Units	32,055	37,064
Decrease in fair value of investment properties	85,043	-
Net exchange loss	993	13,794
Less:		
Increase in fair value of investment properties	-	(3,949)
Net realised exchange loss	(4,909)	-
Reserve for furniture, fixtures and equipment	<u>(11,075)</u>	<u>(12,242)</u>
Total distributable income	<u>226,433</u>	<u>272,603</u>

9. DISTRIBUTION STATEMENT

	<u>NOTE</u>	Six Months Ended 30 June <u>2015</u> HK\$'000 (unaudited)	<u>2014</u> HK\$'000 (unaudited)
<u>Interim distribution period (note a)</u>			
Total distributable income in respect of the six months ended 30 June 2015 (Six months ended 30 June 2014: in respect of the six months ended 30 June 2014)	8	226,433	272,603
Percentage of distributable income for distribution (note b)		<u>100%</u>	<u>100%</u>
Distributable income for interim distribution period		<u>226,433</u>	<u>272,603</u>
Interim distribution (note c)		<u>226,433</u>	<u>272,603</u>
<u>Final distribution period (note a)</u>			
Total distributable income in respect of the financial year ended 31 December 2014 (Six months ended 30 June 2014: in respect of the period from the Listing Date to 31 December 2013)		558,825	348,753
Less: distributable income paid for interim distribution period (note e)		<u>(273,369)</u>	<u>-</u>
Distributable income available for final distribution period		285,456	348,753
Percentage of distributable income for distribution (note b)		<u>100%</u>	<u>100%</u>
Distributable income for final distribution period		<u>285,456</u>	<u>348,753</u>
Final distribution (note c)		<u>285,456</u>	<u>348,753</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\$0.111</u>	<u>HK\$0.135</u>
- After taking into account the effect of the Distribution Waiver (note e)		<u>HK\$0.117</u>	<u>HK\$0.146</u>
Final distribution per Share Stapled Unit paid			
- Before taking into account the effect of the Distribution Waiver (note d)		<u>HK\$0.141</u>	<u>HK\$0.174</u>
- After taking into account the effect of the Distribution Waiver (note e)		<u>HK\$0.152</u>	<u>HK\$0.188</u>

9. DISTRIBUTION STATEMENT - continued

Notes:

- (a) The interim distribution in 2015 was based on total distributable income for the six months ended 30 June 2015.

The final distribution in 2014 is based on total distributable income for the year ended 31 December 2014.

The interim distribution in 2014 was based on total distributable income for the six months ended 30 June 2014.

- (b) The Trust Deed and the articles of association of the Company state that it is the current intention of the Directors to declare and distribute (i) 100% of the total distributable income in respect of the period from the Listing Date to 31 December 2013, financial year ended 31 December 2014 and financial year ending 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 2015 has not been recognised as a liability as at 30 June 2015.

The final distribution after 31 December 2014 has not been recognised as a liability as at 31 December 2014.

The interim distribution after 30 June 2014 has not been recognised as a liability as at 30 June 2014.

- (d) The interim distribution per Share Stapled Unit of HK\$0.111 (Six months ended 30 June 2014: HK\$0.135) for the interim distribution period in 2015 is calculated based on the interim distribution to be paid of HK\$226,433,000 (Six months ended 30 June 2014: HK\$272,603,000) for the period and 2,032,888,934 (Six months ended 30 June 2014: 2,012,373,688) Share Stapled Units as at 30 June 2015.

The final distribution per Share Stapled Unit of HK\$0.141 (Six months ended 30 June 2014: HK\$0.174) for the final distribution period in 2014 is calculated based on the final distribution to be paid of HK\$285,456,000 (Six months ended 30 June 2014: HK\$348,753,000) for the period and 2,022,390,859 (Six months ended 30 June 2014: 2,001,389,932) Share Stapled Units as at 31 December 2014.

- (e) Pursuant to a distribution entitlement waiver deed, LHIL Assets Holdings Limited, immediate holding company of the Company after the Listing, has agreed to waive 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"):

9. DISTRIBUTION STATEMENT - continued

Notes: - continued

(e) - continued

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

The interim distribution per Share Stapled Unit of HK\$0.117 (Six months ended 30 June 2014: HK\$0.146) for the interim distribution period in 2015 is calculated based on 1,932,888,934 (Six months ended 30 June 2014: 1,862,373,688) Share Stapled Units after taking into account of the 100,000,000 (Six months ended 30 June 2014: 150,000,000) units waived by LHIL Assets Holdings Limited. The interim distribution of HK\$226,433,000 will be paid to holders of Share Stapled Units on or before 2 October 2015.

After the issue of 10,017,171 Share Stapled Units as payment of hotel management fees and licence fee for the six months ended 30 June 2014 on 22 August 2014, the number of Share Stapled Units entitled for the interim distribution in 2014 should be 1,872,390,859. The interim distribution of HK\$273,369,000 was paid to holders of Share Stapled Units on 7 October 2014.

The final distribution per Share Stapled Unit of HK\$0.152 (Six months ended 30 June 2014: HK\$0.188) for the final distribution period in 2014 is calculated based on 1,872,390,859 (Six months ended 30 June 2014: 1,851,389,932) Share Stapled Units after taking into account of the 150,000,000 (Six months ended 30 June 2014: 150,000,000) units waived by LHIL Assets Holdings Limited.

After the issue of 10,498,075 Share Stapled Units as payment of hotel management fees and licence fee for the six months ended 31 December 2014 on 3 March 2015, the number of Share Stapled Units entitled for the final distribution in 2014 should be 1,882,888,934. The final distribution for the final distribution period in 2014 of HK\$286,199,000 was paid to holders of Share Stapled Units on 14 May 2015.

After the issue of 10,983,756 Share Stapled Units as payment of hotel management fees and licence fee for the six months ended 31 December 2013 on 5 March 2014, the number of Share Stapled Units entitled for the final distribution in 2013 should be 1,862,373,688. The final distribution for the final distribution period in 2013 of HK\$350,126,000 was paid to holders of Share Stapled Units on 29 May 2014.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	At 30 June <u>2015</u> HK\$'000 (unaudited)	At 31 December <u>2014</u> HK\$'000 (audited)
Trade debtors	54,806	43,035
Interest receivable	833	1,025
Deposits and prepayments	<u>41,229</u>	<u>10,964</u>
	<u>96,868</u>	<u>55,024</u>

Rentals receivable from Master Lessee 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>2015</u> HK\$'000 (unaudited)	At 31 December <u>2014</u> HK\$'000 (audited)
0 - 3 months	<u>54,806</u>	<u>43,035</u>

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

Included in trade debtors is an amount due from a fellow subsidiary of HK\$54,806,000 (31 December 2014: HK\$43,035,000) which is unsecured, interest-free and payable on presentation of invoices. Included in deposits and prepayments is an amount due from a fellow subsidiary of HK\$1,351,000 (31 December 2014: HK\$1,351,000) which is unsecured, interest-free and payable within 30 days after the expiration of respective lease agreement.

13. CREDITORS, DEPOSITS AND ACCRUALS

	At 30 June <u>2015</u> HK\$'000 (unaudited)	At 31 December <u>2014</u> HK\$'000 (audited)
Trade creditors	34,266	40,355
Deposits received	1,394	1,394
Other creditors	17,938	5,889
Accruals and other payables	<u>15,994</u>	<u>36,810</u>
	<u>69,592</u>	<u>84,448</u>

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

	At 30 June <u>2015</u> HK\$'000 (unaudited)	At 31 December <u>2014</u> HK\$'000 (audited)
0 - 3 months	16,126	23,527
3 - 6 months	<u>18,140</u>	<u>16,828</u>
	<u>34,266</u>	<u>40,355</u>

Other creditors, accruals and other payables mainly consist of accrued renovation expenses for the Hotels.

Included in trade creditors is amounts due to fellow subsidiaries of HK\$34,266,000 (31 December 2014: HK\$40,355,000) which is unsecured, interest-free and payable on presentation of invoices. Included in other creditors is amounts due to fellow subsidiaries of HK\$2,251,000 (31 December 2014: HK\$66,000) which is 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 2015**

	<u>NOTE</u>	Six Months Ended 30 June <u>2015</u> HK\$ (unaudited)	<u>2014</u> HK\$ (unaudited)
Revenue		-	-
Administrative expenses		(11,957)	(10,357)
Less: Amount borne by a fellow subsidiary		<u>11,957</u>	<u>10,357</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 2015

	At 30 June <u>2015</u> HK\$ (unaudited)	At 31 December <u>2014</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 2015**

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 dollars, 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.

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 2015 are the same as those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2014.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

In the current interim period, the Company has applied, for the first time, certain 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.