Our People Our Legacy

The Hongkong and Shanghai Hotels, Limited

Annual Report 2024

In this year's annual report, we continue to adopt the principles of integrated reporting, which is to bring together material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It provides a clear and concise representation of how an organisation demonstrates stewardship and how it creates and sustains value. The objective of our approach is to provide a connected view of the different aspects of our financial as well as our environmental, social and governance performance by publishing this annual report, and a separate Corporate Responsibility and Sustainability Report to demonstrate our sustainability vision, strategy and achievements in detail. Alongside our company website, the two reports enable our stakeholders to have a more informed assessment of our company. As we aspire to go beyond compliance and continue to enhance our integrated reporting approach and disclosure, your feedback is welcome. Please share your views with us by post or email.

On the cover is an image from the newest instalment of our global "Peninsula Perspectives" brand campaign, which honours both the personal histories of our employees and the distinctive cities around the world that we call home.

Pictured in The Peninsula Istanbul Lobby are 12 employees, each from one of The Peninsula hotels around the world. Some of these individuals are dressed in the iconic Peninsula Page uniform, while others are celebrating the cultural traditions of their city/country.

Two popular sports from the US and UK are represented with a baseball uniform and cricket whites. Music and dance, an integral part of each culture, appears with traditional dresses from Manila, Bangkok, Shanghai and Tokyo. We have included a traditional tai chi uniform from Beijing while our colleague from New York is bundled in a hat and scarf, representing a favourite New York City pastime of spending a day in the brisk fresh air of Central Park.

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Accomplishments and Results 2024

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HOTELS

THE PENINSULA HONG KONG

Established: 1928 Number of Rooms: 300
Ownership: 100%

THE PENINSULA SHANGHAI

Established: 2009 Number of Rooms: 235
Ownership: 50%

THE PENINSULA BEIJING

Acquired: 1989 Number of Rooms: 230
Ownership: 76.6%

THE PENINSULA TOKYO

Established: 2007 Number of Rooms: 314
Ownership: 100%

THE PENINSULA LONDON

Established: 2023 Number of Rooms: 190
Ownership: 100%

THE PENINSULA PARIS

Established: 2014 Number of Rooms: 200
Ownership: 20%

THE PENINSULA ISTANBUL

Established: 2023 Number of Rooms: 177
Ownership: 50%

THE PENINSULA NEW YORK

Acquired: 1988 Number of Rooms: 219*
Ownership: 100%

THE PENINSULA CHICAGO

Established: 2001 Number of Rooms: 339
Ownership: 100%

THE PENINSULA BEVERLY HILLS

Established: 1991 Number of Rooms: 195
Ownership: 20%

THE PENINSULA BANGKOK

Established: 1998 Number of Rooms: 370
Ownership: 100%

THE PENINSULA MANILA

Acquired: 1976 Number of Rooms: 351
Ownership: 77.4%

* The number of rooms was reduced to 219 in September of 2024 when the renovation was completed.

Company at a Glance

COMMERCIAL PROPERTIES

THE PENINSULA OFFICE TOWER
HONG KONG

Established: 1994
GFA(sq.ft.): **79,651** Ownership: **100%**

THE REPULSE BAY
HONG KONG (residential and arcade)

Established: 1976 &1989
GFA(sq.ft.): **1,058,455** Ownership: **100%**

THE PEAK TOWER
HONG KONG (retail)

Established: 1996
GFA(sq.ft.): **116,768** Ownership: **100%**

21 AVENUE KLÉBER
PARIS, FRANCE (office and retail)

Acquired: 2013
GFA(sq.ft.): **44,218** Ownership: **100%**

ST JOHN'S BUILDING
HONG KONG (office)

Established: 1983
GFA(sq.ft.): **71,400** Ownership: **100%**

THE LANDMARK
HO CHI MINH CITY, VIETNAM
(office and residential)

Established: 1994
GFA(sq.ft.): **176,808** Ownership: **70%**

PEAK TRAM, RETAIL AND OTHERS

THE PEAK TRAM
HONG KONG

Established: 1888 Ownership: 100%

THE QUAIL
CARMEL, USA

Established: 1997 Ownership: 100%

PENINSULA CLUBS AND CONSULTANCY SERVICES

Established: 1977 Ownership: 100%

PENINSULA MERCHANDISING

Established: 2003 Ownership: 100%

TAI PAN LAUNDRY
HONG KONG

Established: 1980 Ownership: 100%

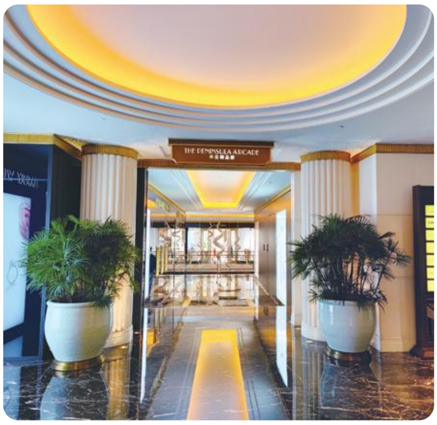
THE PENINSULA ARCADES

THE PENINSULA HONG KONG

GFA(sq.ft.): **77,654** Ownership: 100%

THE PENINSULA SHANGHAI

GFA(sq.ft.): **90,005** Ownership: 50%



THE PENINSULA BEIJING

GFA(sq.ft.): **96,216** Ownership: 76.6%

2024 Highlights

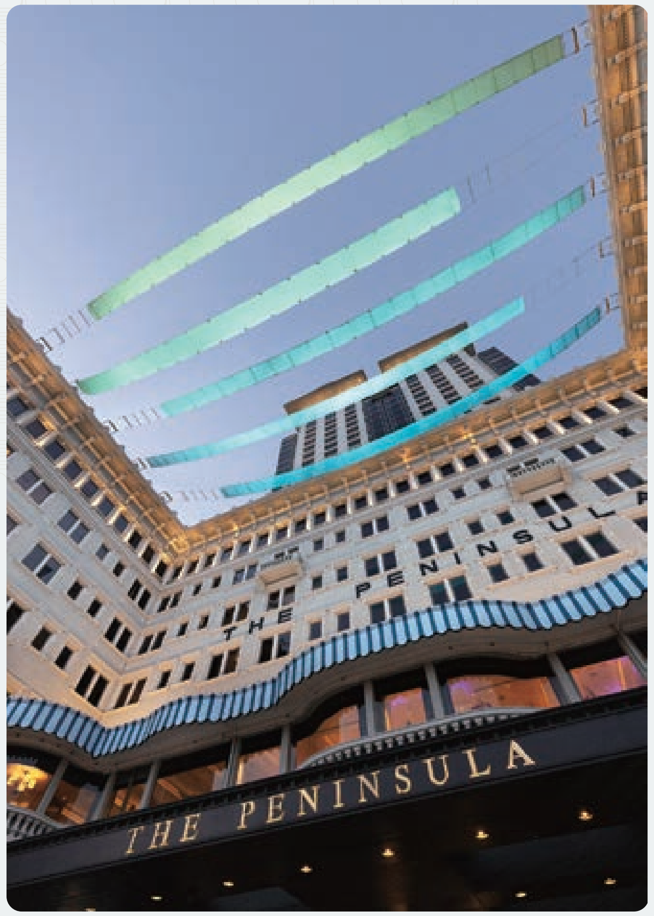
1 January – MyHSH Hub, the new employee portal of The Hongkong and Shanghai Hotels, was launched globally. It serves as a virtual extension of the workplace, facilitating daily work and fostering connections and engagement across our operations.

29 January – Mr Keith Robertson joined the Company as Executive Director and Chief Financial Officer and a member of the Finance Committee and the Group Management Board.

5 February – Brooklands by Claude Bosi at The Peninsula London, was awarded two Michelin stars.

28 February – The Peninsula London introduced an opulent fleet of 13 customised vehicles for use by its guests. The automotive collection – which includes both new and restored vintage Rolls-Royce limousines, Bentley Bentaygas, BMW i7s, and bespoke London black taxis both classic and modern – ensures hotel guests experience The Peninsula's signature elegance and comfort during every part of their journey.

March – The Peninsula achieved an EarthCheck group certification for 10 of our hotels, in recognition of our outstanding achievements in environmental sustainability, social responsibility and creating meaningful community impact.



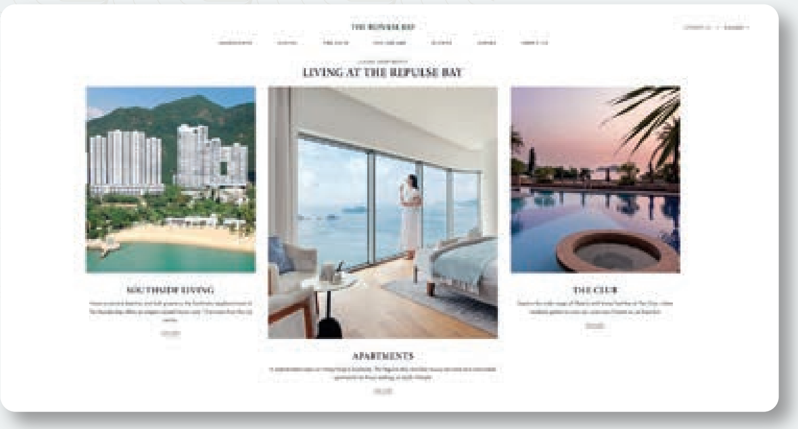
25 March – The Peninsula relaunched its lauded global art programme, "Art in Resonance," featuring specially commissioned works from four visionary artists: Elise Morin, Kingsley Ng, Lachlan Turczan, and Saya Woolfalk.

2024 Highlights

16 April – GALLADA and Topside Bar at The Peninsula Istanbul reopened following an extensive four-month renovation of the outdoor terrace.

THE QUAIL

April – The Quail (formerly known as Quail Lodge & Golf Club) announced a property rebrand encompassing a new name, logo, and website. Its new name, "The Quail" unites the property's two entities, "The Quail Lodge" and "The Quail Golf Club" allowing for distinct and specialised services poised to elevate each experience while maintaining continuity in brand identity and engagement.



THE REPULSE BAY

June – The Repulse Bay introduced a new logo, revamped website, and various physical enhancements to its complex, reflecting its commitment to blending heritage with modernity and enhancing guest and tenant experiences.

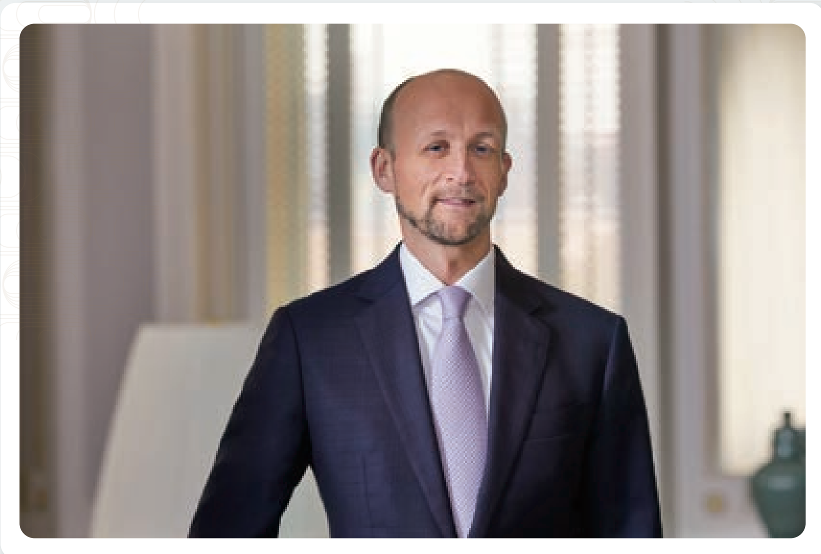
18 June – The Peninsula London held a grand opening party with over 2,500 esteemed guests including their Royal Highnesses the Duke and Duchess of Edinburgh.

18 July – The Peninsula Istanbul was selected as Europe's Best City Hotel in Travel + Leisure 2024 World's Best Awards.

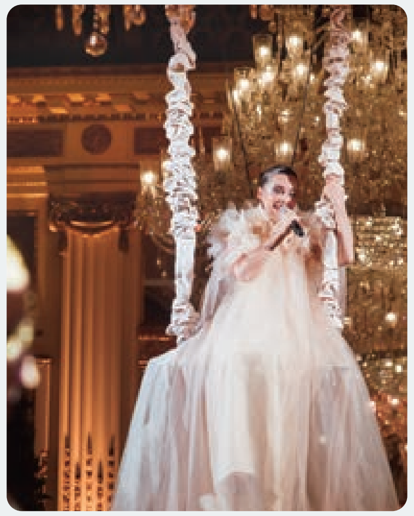
2024 Highlights

31 July – Mr Peter Borer retired from his position as Chief Operating Officer after working with the company for 43 years.

1 August – Mr Gareth Roberts was appointed as Executive Director and Chief Operating Officer of the Company.



1 August – The Peninsula Paris celebrated its 10th anniversary on 1 August and held a dazzling gala on 28 November.



13 September – The Peninsula New York unveiled the completion of a comprehensive interior design refurbishment, debuting 219 refreshed guest rooms and suites, public spaces, and rooftop bar.

September – The Peninsula Istanbul achieved international green building certification "BREEAM Excellent".

25 September – HSH won The Grand Award of "Specialised Annual Reports – Hong Kong SAR" in the ARC Awards Competition 2024.

2024 Highlights

15 October – Mr Benjamin Vuchot was appointed as Executive Director and Chief Executive Officer and a member of the Executive Committee, Finance Committee and the Group Management Board with effect from 3 March 2025.

24 October – Mr Philip Kadoorie, Non-Executive Director of the Company, was appointed as the Deputy Chairman of the Board and a member of the Executive Committee with effect from 1 January 2025.

31 October – Mr Clement Kwok retired as CEO of HSH after almost 23 years of service.

November – The Peninsula London achieved international green building certification “BREEAM Excellent”.

1 November – Ms Christobelle Liao was appointed as the Interim Chief Executive Officer and a member of the Executive Committee and Finance Committee of the company.

26 November – The Peninsula Hong Kong introduced four bespoke Bentley Bentayga Extended Wheelbase (EWB) Azure SUVs to its automotive fleet.

Financial Highlights

	2024	2023	Increase/ (Decrease)
PROFIT OR LOSS HIGHLIGHTS (HK$m)			
Combined revenue^	**10,991**	8,703	26%
Revenue	**10,290**	8,112	27%
EBITDA	**1,446**	1,098	32%
EBITDA before pre-opening and project expenses and other non-recurring expenses^^	**1,525**	1,390	10%
Operating profit*	**760**	578	31%
(Loss)/profit attributable to shareholders	**(943)**	146	n/a
(Loss)/profit per share (HK$)	**(0.57)**	0.09	n/a
Underlying (loss)/profit**	**(176)**	277	n/a
Dividend	**–**	132	n/a
Dividend per share (HK cents)	**–**	8	n/a
Cash interest cover (times)$^{\Delta}$	**1.9x**	1.3x	46%
Weighted average interest rate	**4.7%**	4.4%	0.3pp
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (HK$m)			
Total assets	**54,176**	57,869	(6%)
Audited net assets attributable to shareholders	**35,401**	36,279	(2%)
Adjusted net assets attributable to shareholders #	**40,033**	41,091	(3%)
Audited net assets per share (HK$)	**21.24**	22.00	(3%)
Adjusted net assets per share (HK$) #	**24.01**	24.92	(4%)
Net external borrowings	**12,494**	15,033	(17%)
Funds from operations to net external debt##	**12%**	7%	5pp
Net external debt to equity attributable to shareholders	**35%**	41%	(6pp)
Net external debt to total assets	**23%**	26%	(3pp)
CONSOLIDATED STATEMENT OF CASH FLOWS (HK$m)			
Net cash generated from operating activities before taxation	**4,564**	3,435	
Capital expenditure on operating assets	**(333)**	(314)	
Capital expenditure on new projects and investments	**(949)**	(2,299)	
SHARE INFORMATION (HK$)			
Highest share price	**6.60**	8.93	
Lowest share price	**5.10**	5.65	
Year end closing share price	**6.22**	5.84	

^ Including the group's effective share of revenue of associates and joint ventures.

^^ Pre-opening and project expenses and other non-recurring expenses are unrelated to the group's operating hotels and properties and are non-recurring in nature. Pre-opening expenses represent the recruitment, payroll, marketing, and administrative expenses incurred by the pre-opening offices of The Peninsula London in 2023 and 2024 and The Peninsula Istanbul in 2023. Project expenses represent the specific expenses incurred by the group to support the development of the two hotel projects, including payroll of the project teams specifically hired for the local project offices, travelling and accommodation, and other administrative expenses incurred by the project teams.
The 2023 figure includes a special provision amounting to HK$33 million set aside by the group as a donation to support those affected by the devastating earthquake that occurred in Türkiye in February 2023, just before The Peninsula Istanbul soft opened. This "Hope for Türkiye" fundraising campaign was initiated by the group from 13 February 2023 to 31 December 2023. A contribution of EUR10 was donated for every occupied room night by our 10 participating hotels.

* Being EBITDA minus depreciation and amortisation.

** Underlying (loss) or profit is calculated by excluding the pre-opening and project expenses, the post-tax effect of net unrealised property revaluation movement and impairment provision.

Δ Cash interest cover is calculated based on EBITDA less lease payments divided by net interest on bank loans paid.

\# Adjusted net assets attributable to shareholders and adjusted net assets per share are calculated by adjusting the group's hotels and golf course to fair market value based on the valuation conducted by independent property valuers, net of tax.

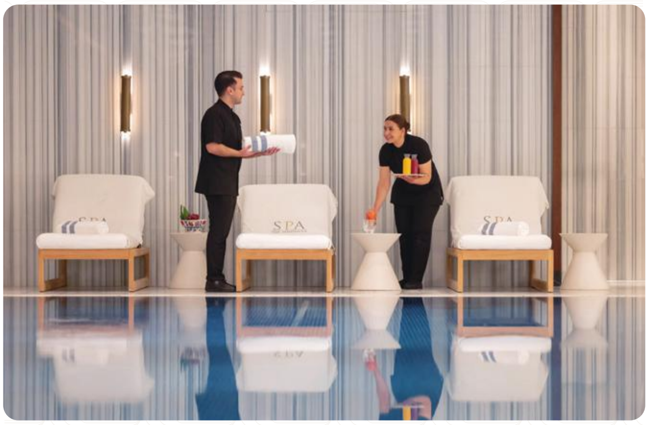
\## Being EBITDA as a percentage of net external debt.

pp Denotes percentage points.

Non-Financial Highlights

Absolute carbon emissions reduced by 33.6% compared to 2010 baseline, despite the addition of our hotels in Paris, Istanbul and London.

Water intensity (hotels) improved by 5.5% compared to 2010 baseline.



Total voluntary turnover rate continued to improve at 16.2%, an 11% reduction compared to last year, and nearly one-third of employees have tenures that surpass ten years.

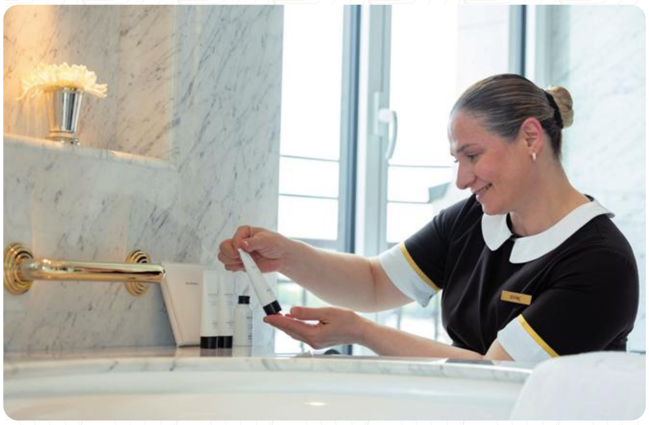
Total community contribution at HK$11 million and more than 11,300 volunteering hours.

Sustainability-linked and green loans totalling HK$10 billion.

All 12 of The Peninsula Hotels are on track to achieve EarthCheck Certification[1].

The Peninsula London and The Peninsula Istanbul achieved BREEAM Certification Excellent Level[2].

Energy intensity improved by 17.9% compared to the 2010 baseline through building optimisation and implementation of energy efficiency projects.



Diverted 50.5% of our waste from landfill and incineration.

Injury rate improved 12.7% from last year, now at 3.3 injury cases per 100 employees and lost day rate at 46.4 days per 100 employees.

1 An international sustainability certification that recognises hotels with robust environmental management processes and commitment to continuous operational improvements on sustainability.

2 BREEAM stands for Building Research Establishment Environmental Assessment Method, a leading standard on sustainable buildings that serves as a practical guide on the integration of sustainability considerations in development projects.

Financial Review Summary

❶ Earnings before interest, taxation, depreciation and amortisation ("EBITDA")*

The group achieved a consolidated EBITDA of HK$1,525 million and combined EBITDA, including the group's effective share of EBITDA of associates and joint ventures of HK$1,643 million in 2024. Excluding the EBITDA on sale of The Peninsula London Residences, the group's combined EBITDA amounted to HK$1,325 million compared to HK$1,213 million in 2023, representing an increase of 9% year-on-year.

The breakdown of EBITDA by business segment and by geographical segment is set out on pages 93 to 94 of the FInancial Review

* Excluding pre-opening and project expenses and other non-recurring expenses

❷ Revenue

The hotels division is the largest contributor of the group's combined revenue. During the year, The Peninsula New York underwent major renovation from January to September and reported a significant reduction in revenue. However, this revenue shortfall was fully offset by the revenue growth achieved by The Peninsula Tokyo and the full year contribution from The Peninsula London. The division reported an increase in combined revenue by 19% to HK$5,681 million.

Revenue from the commercial properties division increased by 40% to HK$4,340 million, inclusive of HK$3,452 million (2023: HK$2,298 million) revenue arising from the sale of seven (2023: ten) luxury Peninsula Residences in London. Excluding this, the division reported an increase in revenue by 9% due to improved occupancy from The Repulse Bay Complex and higher number of visitors to Sky Terrace 428. The Repulse Bay Complex is the largest contributor of revenue in respect of leasing operation, accounting for 65% of the division's rental revenue.

Revenue of the Peak Tram, Retail & Others division increased by 17% to HK$970 million, mainly attributable to the strong performance achieved by the Peak Tram and higher mooncake revenue achieved by The Peninsula Merchandising.

Details of the operating performances of the group's individual operations are set out on pages 44 to 85 of the Operational Review.

Consolidated Statement of Financial Position at 1.1.2024

	HK$m
Net assets	
Fixed assets	48,832
Properties held/under development for sale	4,382
Other long-term investments	2,436
Deferred tax assets	151
Derivative financial instruments	220
Cash at banks and in hand	881
Other current assets	967
	57,869
Bank borrowings	(15,914)
Deferred tax liabilities	(658)
Other liabilities	(2,185)
Lease liabilities	(2,733)
	36,379
Capital and reserves	
Share capital	5,837
Retained profits	30,478
Hedging, exchange and other reserves	(36)
	36,279
Non-controlling interests	100
	36,379

Consolidated Statement of Cash Flows for the year ended 31.12.2024

		HK$m
❶ **EBITDA before before pre-opening and project expenses and other non-recurring expenses**		1,525
Pre-opening and project expenses and other non-recurring expenses		(79)
EBITDA		1,446
Costs of The Peninsula London Residences sold		3,086
Changes in other working capital		32
Tax payment		(173)
Capital expenditure on operating assets		(333)
Capital expenditure on new projects, investments and Peak Tram upgrade		(949)
Net decrease in bank borrowings		(2,204)
Net financing charges		(685)
Lease rental paid		(162)
Other receipts from associates, joint ventures and non-controlling interests and dividends paid		(23)
Net withdrawal of interest-bearing bank deposits with maturity of more than three months		(24)
Net cash inflow for the year		11
Cash at banks and in hand	881	
Less: Bank deposits maturing more than 3 months	(161)	
Cash & cash equivalents at 1.1.2024		720
Effect of changes in exchange rates		(21)
Cash & cash equivalents at 31.12.2024*		710
*Representing:		
Cash at banks and in hand		895
Bank deposits maturing more than 3 months		(185)
		710

Consolidated Statement of profit or loss for the year ended 31.12.2024

	HK$m
❷ Revenue	10,290
Operating costs before depreciation and amortisation	(8,765)
EBITDA before pre-opening and project expenses and other non-recurring expenses	1,525
Pre-opening and project expenses and other non-recurring expenses	(79)
EBITDA	1,446
Depreciation and amortisation	(686)
Operating profit	760
Net financing charges	(754)
Profit after net financing charges	6
❸ Share of result of joint ventures	(92)
❹ Share of results of associates	(16)
❺ Decrease in fair value of investment properties	(569)
❻ Impairment provision for The Peninsula Yangon development project	(158)
Taxation	(164)
Non-controlling interests	50
Loss attributable to shareholders	(943)

Consolidated Retained Profits for the year ended 31.12.2024

	HK$m
Retained profits at 1.1.2024	30,478
Loss attributable to shareholders for the year	(943)
Dividend approved in respect of the previous year	(132)
Retained profits at 31.12.2024	29,403

Consolidated Statement of Financial Position at 31.12.2024

	HK$m
Net assets	
Fixed assets	47,864
Properties held/under development for sale	1,472
Other long-term investments	2,685
Deferred tax assets	153
Derivative financial instruments	166
Cash at banks and in hand	895
Other current assets	941
	54,176
Bank borrowings	(13,389)
Deferred tax liabilities	(668)
Other liabilities	(2,061)
Lease liabilities	(2,612)
	35,446
Capital and reserves	
Share capital	5,947
Retained profits	29,403
Hedging, exchange and other reserves	51
	35,401
Non-controlling interests	45
	35,446

Underlying loss attributable to shareholders for the year ended 31.12.2024

	HK$m
Loss attributable to shareholders	(943)
Revaluation loss on investment properties	582
Impairment provision, net of non-controlling interests	106
Pre-opening and project expenses and other non-recurring expenses	79
❼ Underlying loss	(176)

❸ Share of result of joint ventures

The group, through its joint venture The Peninsula Shanghai Waitan Hotel Company Limited (PSW), owns a 50% interest in The Peninsula Shanghai Complex which comprises The Peninsula Shanghai hotel and shopping arcade and the adjoining Peninsula Residences apartment tower. During the year, no apartment was sold and at the end of 2024, PSW owned 7 remaining apartments which are held for sale.

The group also owns a 50% interest in The Peninsula Istanbul through PIT İstanbul Otel İşletmeciliği Anonim Şirketi (PIT), a joint venture incorporated in Türkiye. The Peninsula Istanbul, which opened in February 2023, was loss-making in 2024 as the hotel still requires time to ramp up to a stabilised stage of operation.

The group's share of net loss of these hotels amounted to HK$92 million (2023: HK$166 million).

Details of the operating performances of The Peninsula Shanghai and The Peninsula Istanbul are set out in the Operational Review section on pages 50 and 66 respectively.

❹ Share of results of associates

The group has a 20% interest in each of The Peninsula Beverly Hills and The Peninsula Paris. The group's share of net loss of these hotels amounted to HK$16 million (2023: HK$18 million).

Details of the operating performances of The Peninsula Beverly Hills and The Peninsula Paris are set out in the Operational Review section on pages 74 and 64 respectively.

❺ Decrease in fair value of investment properties

The investment properties of the group were revalued as at 31 December 2024 by independent firms of valuers based on an income capitalisation approach. The net revaluation deficit of HK$569 million was principally attributable to the decrease in the appraised market value of The Repulse Bay Complex and St. John's Building.

❻ Impairment provision for The Peninsula Yangon development project

As development work for The Peninsula Yangon project has been on hold since June 2021 and the outlook of the tourism market in Myanmar continues to be uncertain, a review has been conducted by management to assess the recoverability of The Peninsula Yangon's book value. Based on the assessment, the Directors consider it prudent to write off the remaining book value of The Peninsula Yangon resulting in an impairment provision of HK$158 million being recognised in the statement of profit or loss for the year ended 31 December 2024.

❼ Underlying loss

To provide additional insight into the performance of its business operations, the group presents underlying loss by excluding non-operating items such as any change in fair value of investment properties, and pre-opening and project expenses and other non-recurring expenses. Details of the reconciliation from reported loss to underlying loss are set out on page 88 of the Financial Review.

Ten Year Operating Statistics

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
a) THE PENINSULA HOTELS (Note 1 & 2)										
Greater China										
Occupancy rate	**58%**	53%	22%	39%	32%	60%	68%	68%	64%	70%
Average room rate (HK$)	**4,257**	4,258	3,418	3,330	2,739	3,788	4,322	4,062	4,155	3,358
RevPAR (HK$)	**2,448**	2,243	742	1,295	872	2,277	2,919	2,765	2,666	2,350
Other Asia										
Occupancy rate	**59%**	54%	43%	21%	33%	75%	76%	69%	70%	71%
Average room rate (HK$)	**3,757**	3,491	2,179	2,422	3,219	2,790	2,483	2,448	2,409	2,190
RevPAR (HK$)	**2,206**	1,876	944	507	1,048	2,083	1,881	1,698	1,694	1,544
United States of America										
Occupancy rate	**65%**	63%	62%	53%	33%	75%	77%	75%	75%	71%
Average room rate (HK$)	**7,353**	7,194	7,202	6,041	5,256	5,468	5,510	5,449	5,328	5,325
RevPAR (HK$)	**4,777**	4,504	4,444	3,208	1,756	4,119	4.218	4,109	4,014	3,759
Europe										
Occupancy rate	**52%**	37%	39%	28%	38%	59%	56%	51%	54%	59%
Average room rate (HK$)	**12,122**	13,369	12,012	9,616	7,392	7,962	8,565	8,185	7,212	8,010
RevPAR (HK$)	**6,282**	4,914	4.665	2,689	2,797	4,724	4.775	4,208	3,914	4,746
b) RESIDENTIAL (Note 1, 2, 3 & 4)										
Occupancy rate	**92%**	82%	78%	80%	89%	96%	95%	94%	91%	93%
Average monthly yield per square foot (HK$)	**45**	46	46	48	50	50	49	49	49	49
c) SHOPPING ARCADES (Note 1, 2, 3 & 5)										
Occupancy rate	**87%**	89%	92%	91%	84%	86%	87%	89%	93%	95%
Average monthly yield per square foot (HK$)	**135**	139	134	141	160	192	194	195	199	214
d) OFFICES (Note 1, 2, 3 & 4)										
Occupancy rate	**86%**	87%	93%	96%	96%	98%	99%	95%	100%	99%
Average monthly yield per square foot (HK$)	**66**	64	64	65	68	64	63	58	56	55
e) PEAK TRAM										
Annual patronage ('000)	**6,698**	5,966	867	609	1,001	3,159	6,050	6,179	6,259	6,359
Average fare (HK$)	**46**	37	29	22	20	24	23	20	19	19
f) FULL TIME HEADCOUNT (as at 31 December)										
Hotels	**6,595**	6,515	5,344	4,806	4,570	6,063	6,186	6,147	6,135	6,201
Commercial Properties	**347**	334	327	323	338	356	358	359	360	363
Peak Tram, Retail and Others	**894**	846	768	737	760	1,079	1,088	1,052	993	1,318
Total headcount	**7,836**	7,695	6,439	5,866	5,668	7,498	7,632	7,558	7,488	7,882

Notes:
1. Occupancy rates, average room rates, RevPAR and average monthly yield per square foot are weighted averages in each grouping.
2. Occupancy rates for hotels are calculated based on the number of rooms sold divided by the number of rooms available whereas occupancy rates for residential properties, shopping arcades and offices are calculated based on net occupied area divided by net available area.
3. Average monthly yield per square foot is calculated based on average monthly rent divided by the average number of square feet rented out.
4. The operating statistics for residential and offices do not include information for operations that are not consolidated or whose results are not material in the group context: being The Landmark, Vietnam; The Peninsula Residences, Shanghai; 21 avenue Kléber, Paris.
5. The group's most significant shopping arcades are located in The Peninsula hotels in Hong Kong, Shanghai, Beijing, New York, as well as The Repulse Bay Complex and The Peak Tower.

Ten Year Financial Summary

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Consolidated Statement of Profit or Loss (HK$m)										
Combined revenue	**10,991**	8,703	4,610	3,885	2,947	6,378	6,753	6,313	6,150	6,257
Revenue	**10,290**	8,112	4,198	3,461	2,710	5,874	6,214	5,782	5,631	5,741
EBITDA	**1,446**	1,098	399	394	(61)	1,390	1,680	1,555	1,420	1,572
Operating profit/(loss)	**760**	578	(53)	(105)	(614)	801	1,079	988	894	1,061
(Loss)/profit attributable to shareholders	**(943)**	146	(488)	(120)	(1,940)	494	1,216	1,128	647	994
(Loss)/earnings per share (HK$)	**(0.57)**	0.09	(0.30)	(0.07)	(1.18)	0.30	0.76	0.71	0.42	0.65
Underlying (loss)/profit	**(176)**	277	(205)	(255)	(814)	480	738	774	618	710
Dividend	**–**	132	–	–	–	212	338	318	297	308
Dividend per share (HK cents)	**–**	8	–	–	–	13	21	20	19	20
Dividend cover (times)	**–**	2.1x	–	–	–	2.3x	2.2x	2.4x	2.1x	2.3x
Cash interest cover (times)	**1.9x**	1.3x	0.8x	1.6x	– 1.2x	10.4x	12.8x	11.9x	13.8x	21.2x
Weighted average interest rate	**4.7%**	4.4%	2.2%	1.5%	1.9%	2.2%	2.3%	2.2%	2.1%	2.2%
Consolidated Statement of Financial Position (HK$m)										
Total assets	**54,176**	57,869	56,581	55,685	53,679	53,061	51,724	51,254	48,499	46,934
Total liabilities	**(18,730)**	(21,490)	(20,461)	(18,820)	(16,527)	(13,332)	(12,524)	(12,801)	(12,143)	(10,454)
Non-controlling interests	**(45)**	(100)	(104)	(103)	(308)	(675)	(536)	(527)	(215)	(233)
Audited net assets attributable to shareholders	**35,401**	36,279	36,016	36,762	36,844	39,054	38,664	37,926	36,141	36,247
Adjusted net assets attributable to shareholders	**40,033**	41,091	40,341	40,871	40,607	42,808	42,411	41,476	39,493	39,447
Audited net assets per share (HK$)	**21.24**	22.00	21.84	22.29	22.34	23.90	23.97	23.86	23.06	23.49
Adjusted net assets per share (HK$)	**24.01**	24.92	24.46	24.79	24.63	26.20	26.29	26.10	25.20	25.57
Net external borrowings	**(12,494)**	(15,033)	(14,607)	(12,900)	(10,662)	(6,827)	(5,917)	(5,521)	(4,911)	(3,273)
Funds from operations to net external debt	**12%**	7%	3%	3%	-1%	20%	28%	28%	29%	48%
Net external debt to equity attributable to shareholders	**35%**	41%	41%	35%	29%	17%	15%	15%	14%	9%
Net external debt to total assets	**23%**	26%	26%	23%	20%	13%	11%	11%	10%	7%
Consolidated Statement of Cash Flows (HK$m)										
Net cash generated from operating activities before taxation	**4,564**	3,435	488	388	(258)	1,017	1,564	1,502	1,444	1,576
Capital expenditure on existing assets	**(333)**	(314)	(361)	(334)	(399)	(564)	(426)	(601)	(1,000)	(476)
Capital expenditure on new projects and investments	**(949)**	(2,299)	(2,464)	(2,254)	(1,771)	(1,330)	(1,208)	(1,097)	(1,580)	(916)
Share Information (HK$)										
Highest share price	**6.60**	8.93	9.26	8.50	8.91	12.08	13.48	17.12	9.49	12.20
Lowest share price	**5.10**	5.65	6.05	6.67	5.62	7.35	10.00	8.27	7.15	8.00
Year end closing share price	**6.22**	5.84	8.12	6.83	6.90	8.35	11.10	11.60	8.60	8.64

The bases of calculation of the following items are disclosed in the Financial Highlights on page 18

1 Underlying profit/(loss)

2 Cash interest cover

3 Adjusted net assets attributable to shareholders and adjusted net assets per share

4 Funds from operations to net external debt

Letter From the Chairman

The Hon. Sir Michael Kadoorie
Chairman

“ We aim to continue to serve our guests with the highest standards of luxury and warm hospitality, to contribute to our local communities in a meaningful way, and to nurture and develop our people. ”

Dear Shareholders,

We believe The Hongkong and Shanghai Hotels, Limited is the world’s oldest hotel group in continuous operation, having been established in 1866. As a long-term investor, we wish to focus firmly on the future, while respecting the legacy of our heritage. Following the recent substantial investment period which led to the opening of The Peninsula London and The Peninsula Istanbul, our current priority is to stabilise our finances. We aim to continue to serve our guests with the highest standards of luxury and warm hospitality, to contribute to our local communities in a meaningful way, and to nurture and develop our people.

In 2024, as you will read on pages 44 to 85 of the Operational Review, our business experienced a stable performance in most of our key markets around the world. On the positive side, I am pleased to report that our home market of Hong Kong is beginning to show signs of improvement after a challenging few years following the pandemic.

In June 2024, we were delighted to host the grand opening celebration of The Peninsula London, a glittering event that celebrated the culmination of years of hard work and dedication. It is our great hope that The Peninsula London will become an icon in the city for generations to come.

The Peninsula Istanbul, in its second year of operation, has also set a new standard for luxury in the region, and we look forward to celebrating its success in the future.

We strongly believe in the long-term value of our assets and their ability to contribute positively to our portfolio. A key priority for us is ensuring that our existing properties remain at the forefront of luxury and innovation. In this regard, I am pleased to share that The Peninsula New York completed a significant renovation in 2024 and we are upgrading the retail arcade at The Repulse Bay in Hong Kong. You can read more details about this on pages 108 to 127.

The financial performance of the group was negatively impacted by a number of factors that are outlined on page 86, and we experienced an underlying loss of HK$176 million for the year. With the stabilisation of our finances as a priority, we remain vigilant in managing other significant risks and challenges. Current priorities include navigating ongoing geopolitical uncertainties, cybersecurity threats and climate change risks, which are an increasing concern in terms of our long-term investment strategy. Our Board members and Group Risk Committee meet regularly to evaluate these and other operational risks, ensuring our business remains resilient.

Our commitment to Environmental, Social, and Governance (ESG) initiatives remains unwavering, with climate change and sea level rises being areas of particular concern in some of the countries where we operate. We continue to pursue our *Sustainable Luxury Vision 2030*, which underscores our dedication to our people, our guests and the communities where we operate. Further details of our group’s social and environmental performance can be found in our Corporate Responsibility and Sustainability Report.

This year has also been one of significant transitions in leadership. I would like to express my sincere gratitude to Mr Clement Kwok, who retired as Managing Director and Chief Executive Officer on 31 October 2024 after almost 23 years of outstanding service. Mr Peter Borer, former Executive Director and Chief Operating Officer, retired in July 2024. On 1 August 2024, Mr Borer was appointed as a Non-Executive Director on the HSH Board and as a Senior Advisor to me.

Letter From the Chairman

Together, Clement and Peter oversaw the development of new Peninsula hotels in Tokyo, Shanghai, Paris, London, and Istanbul, as well as major renovations at The Peninsula Hong Kong, Chicago, Beijing, and Manila, and the upgrades of The Peak Tower, Peak Tram, and most recently The Peninsula New York. Their combined 65 years of service have left an indelible impact on our company, and I extend my deepest gratitude for their passion, dedication, and vision.

To steer the company through this leadership transition, Ms Christobelle Liao served as Interim CEO from November 2024 until 2 March 2025, and I would like to express my sincere thanks for her calm demeanour and excellent leadership during this time. I am pleased to welcome Mr Benjamin Vuchot, who officially joined as our new Chief Executive Officer on 3 March 2025. Benjamin brings a wealth of experience and fresh perspectives, and I am confident that he will build upon Clement's legacy and lead the company into an exciting new chapter. Additionally, I would like to recognise Mr Keith Robertson, who assumed the role of Chief Financial Officer in January 2024 and Mr Gareth Roberts who was appointed as Chief Operating Officer in August 2024.

I wish to sincerely thank Mr John Leigh, who retired from the Board in May 2024 after many years of dedicated service. Mr Andrew Brandler resigned as Deputy Chairman on 31 December 2024, and I would like to thank him for the excellent leadership and wisdom he demonstrated in this role for many years. Andrew will remain on the Board as a Non-Executive Director. I am delighted to share that my son Philip Kadoorie was appointed as Deputy Chairman with effect from 1 January 2025.

As we look ahead to 2025, I remain optimistic about the future of our company. Our rich heritage, combined with the exceptional talent of our people and the enduring loyalty of our shareholders, gives me great confidence that we will continue to grow and thrive in the years to come. I would like to sincerely thank each and every one of our shareholders for your support and contribution to this legacy.

The Hon. Sir Michael Kadoorie
31 March 2025

CEO Statement and Strategic Review

Benjamin Vuchot
Chief Executive Officer

"I look forward to working alongside the exceptional HSH team to imagine and deliver the future of luxury hospitality that is both sustainable and responsive to our times, whilst upholding the values that have steered the group's success and legacy."

1. The Year in Review

I am delighted to have joined The Hongkong and Shanghai Hotels as CEO on 3 March 2025, and I would like to thank all our valued shareholders for your commitment and support. It is a privilege to be working for a company that has built a reputation for excellence in luxury hospitality and exceptional services for 159 years. Building on this legacy and long-term vision, I look forward to working alongside the exceptional HSH team to imagine and deliver the future of luxury hospitality that is both sustainable and responsive to our times, whilst upholding the values that have steered the group's success and legacy.

As I am new to my role, I am grateful for the opportunity to take some time to understand our current business together with the Board and my team and develop our strategies for future growth, while keeping our commitment to our long-term values and philosophy of "Tradition Well Served". This report focuses on the results for 2024 and I will discuss more on the growth strategy of the group in due course.

Our priority for the short to medium term is to stabilise the financial results of our new hotels, reduce our borrowings, grow our revenue and profitability to then be well placed for growth. Long term, we aim to preserve the unique culture of the brand and create value for our shareholders. I believe there are exciting times ahead.

As you will read in more detail in the following Operational Review we reported a stable performance during 2024, compared to the satisfactory performance during the same period in 2023.

CEO Statement and Strategic Review

Our operational results reflect an emerging recovery from the difficult years of the pandemic, but we still have some way to go to achieve growth. We reported an underlying loss for the year, which reflected a number of factors, mostly related to depreciation attributed to The Peninsula London project, an increase in net financing charges related to The Peninsula London, and a revaluation loss of the group's investment properties for 2024.

Our long-term philosophies and values remain steadfast. I will summarise these in the following pages.

2. Our Culture, Vision and Development Strategy

The Hongkong and Shanghai Hotels, Limited has a heritage of 159 years. Whilst we have witnessed profound political and economic changes since we were first established in 1866, both in our home market of Hong Kong and around the world, our company remains faithful to our key philosophies and values which are:

- to conduct business with the highest levels of integrity;
- to build on our heritage while continuing to invest in and develop our people;
- to maintain and enhance the quality of our assets;
- to continuously improve the service we offer to our guests, and
- to contribute positively to the cities in which we operate.

Maintaining a unique, close-knit and robust company culture is very important to us and we are pleased that our employees are proud to work for the company.

Together with the Board, we will be reviewing our current development and growth strategy while preserving the philosophies and values of the company, and to further enhance our position as one of the leading luxury hotel brands in the world.

3. Business Overview

Our group currently owns and operates twelve Peninsula hotels which are located in Hong Kong, Shanghai, Beijing, Tokyo, London, Paris, Istanbul, New York, Chicago, Beverly Hills, Bangkok and Manila.

Our recently opened hotels in London and Istanbul were fully operational in 2024 and have been exceptionally well received, earning recognition and awards within the industry. These

properties are truly magnificent in terms of location, design, and service, significantly enhancing our brand presence in Europe.

Throughout the years we have maintained a significant investment programme to enhance the physical condition and quality of our existing properties, for example, by completing major renovations.

Our hotels are considered "trophy assets" in the cities they are in and they generate additional returns from shopping arcades or residential apartments as part of the hotel complex. We have long-term partnerships with our co-owners who value the benefits of creating a high-quality asset. Our objective is to build up a loyal clientele who are willing to pay premium prices for a superior luxury product and services. We achieve this by offering a high level of personalised service and attention to detail.

In the group's commercial properties division, we take a similar investment approach and seek long-term returns on our well-located properties. We own high-end residential property including The Repulse Bay in Hong Kong's exclusive South Side, residential apartments in Shanghai and London, and we lease commercial space to retail tenants at various Peninsula hotels, The Repulse Bay Arcade and The Peak Tower. Sky Terrace 428 at The Peak Tower gives tourists the opportunity to enjoy Hong Kong's panoramic views. We also hold commercial properties in Hong Kong, Paris and Ho Chi Minh City.

Peninsula Merchandising Limited develops and distributes Peninsula-branded merchandise including the famous Peninsula Mooncakes, as well as artisanal chocolates and high-quality tea. We operate Peninsula Boutiques in key gateway cities in Greater China and Asia, including a boutique at Hong Kong International Airport, several Peninsula hotels, and The Peninsula Boutique & Café in Shanghai's bustling Xintiandi district. We opened new pop-up stores in 2024 and invested in developing our online retail business. We are planning to expand the business further, with new boutiques and pop-ups in the Chinese mainland and Japan.

Our portfolio also includes the Peak Tram, which was first established in 1888 and has been owned and operated by our

CEO Statement and Strategic Review

group since the early 1900s. Following its significant upgrade project which was completed in 2022, the Peak Tram has performed exceptionally well and has been well received by Hong Kong people and overseas visitors alike, and visitor numbers have exceeded pre-pandemic numbers in 2024.

Having a diverse portfolio helps to diversify investment risks generally associated with the luxury hospitality industry. The more stable returns of the commercial properties division and, to a smaller extent, the Peak Tram, Retail and Others division help to offset the cyclical nature of the hotel business.

4. Projects Update

The Peninsula London and The Peninsula Istanbul hotels, which soft opened in 2023 and were fully operational in 2024, formed the most substantial capital expenditure programme in our company's history, and the final accounts for The Peninsula London are still being completed.

The Peninsula New York

We completed a comprehensive interior design refurbishment of The Peninsula New York in September 2024, debuting a refresh of 219 guest rooms and suites, as well as the hotel's lobby, reception, *Palm Court*, and a completely transformed rooftop bar, *Pen Top*.

The Peninsula Yangon

The company entered into a shareholders' agreement with Yoma Strategic Investments Ltd. and First Myanmar Investment Public Company Limited in January 2014 to acquire a 70% majority interest for a proposed hotel development on the site of the former headquarters of the Myanmar Railway Company in central Yangon, Myanmar.

Regrettably, we agreed with our partners to stop work on The Peninsula Yangon project as of June 2021, other than minor weatherproofing and protection for the site. As development work for the project is still on hold and the outlook of the tourism market in Myanmar continues to be uncertain, management has conducted a review to assess the recoverability of The Peninsula Yangon's book value. Based on the assessment, the Directors consider it prudent to write off The Peninsula Yangon's remaining book value resulting in an impairment provision of HK$158 million.

5. Financial Results and Financial Planning

Our business model as an owner-operator is a capital intensive one, but it allows us to have an appropriate degree of control or joint control over the upgrading of our existing assets and

making investments in new developments. This ensures a high level of quality and consistency in our product and allows us to offer a bespoke, tailored guest experience.

As a result of our continuous investment into and enhancement of our property assets, the company's revalued net asset value per share has more than doubled in the last two decades to HK$24.01 per share in 2024.

We continue to carefully monitor our company's financial position and we continuously take a proactive approach to forecasting future funding requirements.

We maintain sufficient cash reserves and adequate committed borrowing facilities from major financial institutions to ensure funds are available to meet our needs. Our net debt to total assets ratio is currently 23%, which we believe to be acceptable considering the financial obligations of The Peninsula London and The Peninsula Istanbul, although we are aiming to reduce our gearing. With business resuming to normal levels as well as the gradual handover and completion of our purchased London residences, it is expected that the group's gearing will reduce in the coming year.

As is often typical in the hospitality industry to support the opening of new hotels, our results were impacted by significant amounts of pre-opening expenses that were incurred in 2023 to support the launch of The Peninsula London. Following the opening of The Peninsula London and The Peninsula Istanbul, despite a scale-down of pre-opening expenses, project expenses continued to be incurred in 2024 for certain incomplete works as well as snagging, rectification and accounts finalisation for the projects.

To reflect the underlying operating performance of the group, we have provided a calculation of the underlying profit or loss attributable to shareholders. This is determined by excluding the pre-opening and project expenses, the post-tax effects of the revaluation movements of investment properties, impairment provisions and other non-recurring items.

The group's underlying loss attributable to shareholders for the year ended 31 December 2024 amounted to HK$176 million compared to an underlying profit of HK$277 million in 2023.

CEO Statement and Strategic Review

6. Driving Business

We believe the fundamentals of luxury hospitality do not change over time and I am confident that demand for high quality service will continue long into the future.

The group's diverse portfolio of assets helps to balance the cyclical nature of the hotel industry. Our main revenue sources derive from our hotel rooms, driven by global distribution systems, digital marketing and e-commerce revenue, as well as travel agents and partners and online platforms. On the retail side, we maintain good relationships with our tenants and engage in joint promotions to encourage traffic into our arcades. We also derive significant revenue from residential leasing in our luxury property portfolio.

In recent years, a major focus of our strategy has been to attract and retain retail tenants in our hotel arcades, particularly in Hong Kong, Beijing and Shanghai, and we were pleased with the mix of tenants achieved during the year and renewed interest from anchor tenants. The Repulse Bay is widely recognised as one of the most attractive luxury residences on the South Side, and we are undertaking a refurbishment of the retail arcade in that property.

Driving brand awareness throughout our established markets and also in new and emerging markets is a critical component of the brand marketing team's function. Now in its third year, the brand's global advertising campaign, Peninsula Perspectives has added content from New York, Bangkok, and Tokyo. The campaign focuses on video-led narratives highlighting the cities where we operate and also the guest service that Peninsula is known for.

In celebration of the openings of The Peninsula London and The Peninsula Istanbul, a new cinematic Peninsula Perspectives film was commissioned which showcases Kam Tsui, one of The Peninsula Hong Kong's iconic Pages, travelling the world and visiting all of the Peninsula properties. The film debuted at the Grand Opening of The Peninsula London and is now widely used across a myriad of sales and marketing channels.

Appreciation of art and supporting local artists is a key part of our strategic marketing plan. Through activations on properties, as well as via access to important cultural institutions, The Peninsula provides guests and visitors the opportunity to engage with immersive, experiential art. Our globally recognised Art in Resonance programme returned to Hong Kong during Art Week in March with the commissioning and exhibition of four original works at The Peninsula Hong Kong. Our hotel teams continue to work with and help support local artists through innovative sponsorships and marketing programmes that allow our guests to engage with and be a part of cultural ecosystem in the cities in which we call home. The brand's support of the arts will continue into 2025 with a new exhibition at The Peninsula Hong Kong during Art Basel, of which we are proud sponsors.

A popular initiative with guests is our "Peninsula Time" offering fully flexible check-in and checkout. We also offer PenChat, a 24-hour private e-concierge service offering personalised attention.

Our sales teams travel extensively to meet in person around the world with PenClub members (Peninsula's top travel partners), with travel partners from the Leisure, Corporate and Meetings, Incentives, Conventions and Exhibitions (MICE) world, attend worldwide travel tradeshows and host events in some of our key markets but also emerging markets to continue building brand awareness and trade partner network.

Our company has its own in-house research and technology department which focuses on researching and developing the latest innovation for guest rooms and enhancing the customer experience.

7. Managing Risk

Operating a business in different overseas locations, given the unpredictable nature of the hotel industry, requires an agile yet measured approach to risk management. Our Group Risk Committee, chaired by the Chief Corporate and Governance Officer, regularly reviews the risk registers of our operations and new development projects, as well as monitors the principal risks and emerging risks of the group. We evaluate key risks and controls and using a 5-step risk management methodology we ensure the risk assessment process and internal controls remain current.

In 2024, we continued to navigate issues such as geopolitical tensions and continued threats such as cybersecurity threats. Environmental, social and governance risks have become a major focus and to be considered as company's principal risks going forward, our Group Risk Committee will continue to look into enhancement of internal controls to manage the strategic risks of the group. We will also focus on enhancing communication, inspiring greater awareness and ownership of risks and controls across the group.

8. Our People

In a year marked by transformation, it is vital that we ensure we prioritise the wellbeing and engagement of our employees. I am happy to share that our global employee experience survey conducted in September 2024 yielded encouraging results, with a voluntary response rate of 91%, an overall engagement score of 77% surpassing the global average benchmark and consistent results in five core KPIs, namely Engagement, Experience vs. Expectations, Intent to Stay, Inclusion, and WellBeing. Notably, nearly 90% of our workforce expressed their intent to stay with the group for more than a year, with 53% planning to stay for over five years. The insights gathered from their feedback will help us unlock ways to enhance our employee experience.

Over 6,100 colleagues globally now have access to our internal communications platforms, MyHSH Hub and Viva Engage, fostering global connections and ensuring awareness of the most recent happenings within the organisation. The platforms have facilitated over 84,000 interactions and featured over 1,670 published articles and pages on MyHSH Hub, receiving more than 98,100 views in its inaugural year of global rollout.

Throughout the year, our people remain actively engaged through an array of activities and initiatives such as those promoting active lifestyles and holistic wellness. Our popular Wisdom on Wellness (WOW) programme continues to champion the physical and mental wellbeing of employees globally.

Complementing our efforts to provide a positive employee experience, we continue to build on our strong foundations in talent acquisition and learning and talent development. In 2024, we received 80,000 job applications as we attract diverse new talent to our organisation through campus recruitment, internal referrals and other targeted initiatives. Our global campus recruitment programmes, with operations participating in early campus events and job fairs, have been particularly successful, allowing us to broaden our scope in China and Europe and resulting in the hiring of over 430 candidates. We also continue to develop our careers website to attract the next generation of talent. It is scheduled to be launched in the first quarter of 2025. I am proud to share that our talent acquisition efforts have been recognised with industry accolades, including the Gold Award for Best Talent Acquisition Team from LinkedIn in Asia.

Concurrently, in the development of our workforce, we have rolled out tailored training programmes to provide impactful learning experiences for all colleagues as we build a culture of continuous learning. To nurture our future leaders, we continued to enhance our 12-month-long Emerging Manager programme, Corporate Management Training programme, and Global Cross Exposure programme. In the first quarter of 2025, we will see the launch of our succession planning framework, ensuring a strong pipeline of internal talent to support our long-term growth.

Looking forward, we will continue to support our people, ensuring they are well-informed and well-equipped to drive our collective success as a company.

As of 31 December 2024, there were 7,836 full time employees in the group.

CEO Statement and Strategic Review

9. Sustainable Luxury

As owner and operator of our hotels and properties, we are in a unique position to always act decisively and with genuine intent in our sustainability approach, while maintaining unparalleled service standards. The Peninsula London and The Peninsula Istanbul achieved international green building certification "BREEAM Excellent" this year, on-track to joining the rest of The Peninsula Hotels to achieve EarthCheck certification. Such efforts are a testament of our commitment to building for the future, ensuring sustainable elements and best practices are considered from design to construction and operation stages. We also rely on our people, the heart and soul of this company, to bring Sustainable Luxury Vision to life in their daily work. We can only achieve our collective goals when sustainability is embedded in all aspects of our business, and we will continue to empower our people with the knowledge and awareness to do so.

The global context of sustainability is increasingly complex, leading some businesses to grapple with what future direction they should take. As we are reaching the midpoint of our ten-year *Sustainable Luxury Vision 2030* (*Vision 2030*) strategy, we engaged with members of our Board and our senior management team to take stock of where we stand through a formal stakeholder engagement exercise. The message is clear – we remain committed to the *Vision 2030* goals.

We have already observed an increase of unusual climate events in parts of the world where we operate, causing concern for the risks posed by climate change to our ecosystems, businesses and human health. As a group, we remain focused on reducing our own impact on the environment, implement measures to mitigate climate risks, and take proactive climate actions to facilitate a low carbon transition. In 2024, we conducted a comprehensive review of our assets to identify further energy saving and renewable energy adoption opportunities as we assess how to further decarbonise. We aim to optimise alignment on energy and carbon savings, payback period of initiatives and the company's longer-term capital expenditure planning in facilitating our goals.

We continue to be guided by our *Vision 2030* strategy, which serves as a compass for who we are today, and what our hopes are for the future.

10. Outlook

In the current business climate, the outlook for our various businesses is generally stable, and we are cautiously optimistic for the year ahead. We believe that luxury tourism globally is being driven by affluent travellers seeking exclusive, sustainable and unique experiences and we are tailoring our marketing accordingly, with a focus on personalisation.

In Hong Kong, the long-haul market for leisure travellers is improving and we are seeing positive numbers of visitors returning from Southeast Asia and the Middle East. However, geopolitical tensions remain a general concern.

The Peak Tram is experiencing a strong business environment and is a very attractive experience for visitors. We are pleased to see strong demand returning for the residential apartments at The Repulse Bay from both the local and the expatriate markets and we expect this to continue as leasing contracts are renewed after the pandemic. The office market in Hong Kong is soft, and we are implementing strategies to attract tenants.

At the Peninsula Hong Kong, we are expecting a stronger year as visitors return for major events including Art Basel in March, of which we are a sponsor. In the Asian hotels, once again, we are cautiously optimistic. We expect to see continued growth in Japan where there is high demand for exclusivity and

CEO Statement and Strategic Review

premium services and accommodation. Beijing and Shanghai have a positive outlook with good business expected from the domestic market and stronger international business returning as China expands its visa-free policy to increasing numbers of countries. Rates remain high in the US and the outlook is stable, with The Peninsula New York expecting good growth after the renovation.

The new Peninsula London and Peninsula Istanbul hotels are truly spectacular and together with The Peninsula Paris have significantly enhanced our brand presence in Europe. They have already achieved several industry awards and accolades and are receiving very positive reviews from guests as well as extensive media coverage.

On the commercial property side, we will continue to invest in our existing assets and uplift our offering to visitors, residents and tenants, with enhanced offerings at The Repulse Bay arcade.

We are noticing a trend of experiential travel in the high-end hospitality sector and we are exploring new opportunities for luxury lifestyle experiences. Building on the success of The Quail: Motorsports Gathering, we are expanding our Peninsula Signature Experiences division to Asia with a driving experience in Japan in April as well as exploring other lifestyle and motoring opportunities.

We are a company that focuses on the very long term, and we believe that if we focus on our people, this will be reflected in the excellent service that we offer our guests. We are doing what we can to support and retain our people, as well as recruit new talent. Our unique company culture is one of our greatest assets. We have a goal of constantly improving to become a more agile, more commercially sound company while preserving our heritage, brand and culture to propel us into the next level of growth.

We are fortunate to have a highly motivated and dedicated team of management and staff who are committed to our long-term vision.

On a personal note, I would like to thank Clement Kwok, who retired as CEO in October 2024, for his tremendous contributions to the company over the past 23 years. I will

CEO Statement and Strategic Review

remain committed to sustainability, co-chairing the Group Corporate Responsibility Committee (GCRC) together with Christobelle Liao. I will continue to modernise the workplace to create a more meaningful and purpose-led environment for our employees.

I would also like to recognise Peter Borer, who dedicated 43 years of service to the Peninsula group. During that time, he built and maintained the exceptional hospitality standards that define our brand.

A sincere thanks to Christobelle Liao for "steering the ship" ably and successfully over the past few months as Interim CEO.

I would like to congratulate Gareth Roberts on his promotion to COO. Mr Roberts is young and energetic, with over 22 years of experience with the company. I look forward to working alongside him, as well as our CFO, Keith Robertson, and the Board, to lead the company in a new strategic direction.

I would like to thank our staff for their hard work in the past year, and also extend my thanks to our Chairman, our Board, and our shareholders for their trust in me as I take on the position of CEO. I believe it will be an exciting time ahead for our company.

Benjamin Vuchot
31 March 2025

Operational Review

Business Performance

Our group comprises three key divisions – Hotels; Commercial Properties; and Peak Tram, Retail and Others. These divisions are described in more detail in the following review.

Hotels Division

Hotels	Revenue HK$m	Variance HK$	Year-on-Year Local Currency
Consolidated hotels			
The Peninsula Hong Kong	**1,069**	+3%	+3%
The Peninsula Beijing	**324**	-1%	+1%
The Peninsula Tokyo	**826**	+11%	+21%
The Peninsula London	**856**	+562%	+549%
The Peninsula New York	**650**	-15%	-15%
The Peninsula Chicago	**654**	+6%	+6%
The Peninsula Bangkok	**237**	+14%	+16%
The Peninsula Manila	**228**	+2%	+5%
Non-consolidated hotels			
The Peninsula Shanghai	**459**	+0%	+1%
The Peninsula Paris	**800**	+12%	+13%
The Peninsula Istanbul	**372**	+95%	+96%
The Peninsula Beverly Hills	**628**	+2%	+2%

Operational Review

The Peninsula Hong Kong

The Peninsula Hong Kong experienced positive results in terms of revenue, occupancy and RevPAR compared to the same period in 2023. We were pleased to see a gradual improvement in the overall tourism sentiment in Hong Kong, and visitors are returning from the traditionally strong long-haul markets from US and Europe.

The city's food and beverage industry continued to be negatively impacted by a trend of Hong Kong residents travelling to the neighbouring city of Shenzhen to experience alternative dining options and hotel stays, although the outlook for 2025 is better.

Operational Review

We implemented dining promotions and unique experiences to attract guests. To drive food and beverage revenue, we once again partnered with *Le French May* to host exclusive concerts and dinners. In June and July 2024, we held a special celebration of Italian cuisine and culture, in collaboration with Mercato Gourmet, Hong Kong's leading Italian culinary retail brand.

Our collaborative venture with Hong Kong's iconic Star Ferry was extended in 2024 due to popular demand, and as a special occasion in April 2024 we hosted one of Puccini's beloved operas, *La Bohème*, featuring our signature Peninsula Afternoon Tea.

In March 2024, our global art programme "Art in Resonance" returned to The Peninsula Hong Kong. The opening, which was held during Hong Kong Art Week in collaboration with Art Basel, featured specially commissioned works from four visionary artists. In November 2024, we introduced four bespoke Bentley Bentayga Extended Wheelbase (EWB) Azure SUVs to our automotive fleet, to align with our legacy of offering the finest available transport to our guests. Our special Festive celebrations were once again very well received by guests.

We were proud to celebrate a No. 1 ranking in the "Top 10 hotels in Hong Kong and Macau" category at the Condé Nast Traveler Readers' Choice Awards 2024 for the second consecutive year.

The Peninsula Office Tower was 86% occupied in 2024, and the immediate outlook is stable. The Peninsula Arcade occupancy was 90% and despite a softer retail market across the city, our anchor luxury retail outlets have experienced queues outside their boutiques.

Operational Review

The Peninsula Shanghai

The Peninsula Shanghai performed well in 2024 and reported good average rates. The hotel also reported a positive year-on-year increase in occupancy and RevPAR.

International business returned to Shanghai, particularly in terms of business delegations and high-profile events for luxury brands. The majority of overseas visitors came from Hong Kong and Russia, we welcomed increasing numbers of leisure travellers from Indonesia, South Korea and Southeast Asia. The average length of stay of visitors increased significantly.

Operational Review

Food and beverage revenue was challenging due to a softer market across the city and a downturn in consumer spending. Banqueting and weddings were softer this year as it was not considered an auspicious year in China.

The Peninsula Arcade was 82% occupied during 2024. The retail market remained a challenge in Shanghai, although our anchor tenants reported stable business.

The group owns a 50% interest in The Peninsula Shanghai Complex which comprises a hotel, a shopping arcade and a residential tower of 39 apartments. As at 31 December 2024, a total of 32 apartment units have been sold.

Operational Review

The Peninsula Beijing

The Peninsula Beijing experienced a strong year, achieving the highest RevPAR in the history of the hotel. More than 70% of our geographic mix was derived from the domestic market. Diplomatic business made up a majority of the international guests, with heads of state and high-level government visitors from Russia, Qatar, West Africa and European countries. However, flight capacity in Beijing remains below pre-pandemic levels and this continued to affect arrivals from long-haul markets.

Operational Review

In December, we continued our commitment to promoting contemporary art with an exhibition themed "The Path of Love and Hope" by Japanese artist Ryunosuke Okazaki which was well received by guests.

We implemented some "intangible cultural heritage" experiences including exclusive visits to a *Baiju* (Chinese liquor) factory and a behind-the-scenes visit to the Forbidden City glazed brick factory, with the objective of offering unique experiences for our guests.

Food and beverage revenue was strong with good performance at *Huang Ting* and *The Lobby*, although banqueting was slower due to the year not being considered auspicious for weddings in Chinese culture. *Jing*, our Michelin-starred French restaurant, performed well.

The Peninsula Arcade was 92% occupied although luxury retail business has softened across the city. We worked closely with our retail tenants to drive traffic and we have signed tenancy agreements with luxury brands as well as contemporary sports and wellness brands to attract a younger demographic.

Operational Review

The Peninsula Tokyo

The Peninsula Tokyo recorded a strong 2024 with rates, occupancy and RevPAR achieving significant growth, returning to pre-pandemic results. This was driven by robust international business from US, UK and Hong Kong.

Food and beverage revenue improved compared to the previous year, with banquets experiencing strong demand. *Hei Fung Terrace* and *The Lobby* recorded good results. At *Peter* and *Peter Bar* we implemented private dining events and continued our popular Guest Bartender Series with "Season Two", featuring top female mixologists from Japan offering innovative cocktails.

Sakura season is the busiest time of year in Tokyo and to celebrate this beautiful display of nature, we collaborated with a celebrated Kamon father-and-son artist and design team to adorn The Lobby with a giant Kamon artwork entitled "The Peninsula Tokyo + Sakura + Art". In autumn, we showcased another grand art installation created by renowned father-and-son artists *Shoryu* and *Yoho Hatoba*, titled "The Peninsula Tokyo + Kaede + Art".

The arcade business was robust and we introduced one of the world's largest sports car brands as a new tenant on the ground level of the hotel.

Operational Review

The Peninsula London

One of the highlights of the year at **The Peninsula London** was the grand opening celebration on 18 June 2024 which was attended by more than 2,500 VIP guests and celebrities.

The Peninsula London continues to attract positive reviews. Rooms business is gaining momentum month by month and banquets and the Spa are performing well. Food and beverage was strong and our Cantonese restaurant *Canton Blue* and rooftop bar *Brooklands* performed well during the year. We were delighted that the fine dining restaurant of *Brooklands* was bestowed with two Michelin stars in January 2024 and retained this in 2025.

Operational Review

The Peninsula London Complex comprises a 190-room hotel and 24 luxury Peninsula-branded Residences. In 2024, the sales of a total of 7 luxury Residences were completed, generating total proceeds of HK$3.5 billion. Of the 24 Residences, the sales of 17 have been completed to date.

We are in the process of preparing and agreeing final accounts with our trade contractors and consultants, which will include finalisation of programme delay costs.

Operational Review

The Peninsula Paris

The highlight of the year for **The Peninsula Paris** was the Summer Olympics, during which the hotel generated significant room revenue as a result of corporate and diplomatic business. We also welcomed high-level government heads of state visits during March which had a significant positive impact on business.

2024 marked The Peninsula Paris's 10th anniversary, a milestone celebrated throughout the year with a series of events, media and social campaigns and celebrations. New culinary concepts were introduced including "*Les échappées*", *al fresco* summer dinners with live music on Sundays and Monday on *La Terrasse Kléber*.

The introduction of the luxurious brand Margy's from Monte Carlo in May 2024 at the Spa was very well received by guests.

The signature events held during the year including the summer rooftop party, Pink October charity gala, and the elegant Winter Gala, combined with new and stylish content creation, have rejuvenated the brand image of The Peninsula Paris with the aim of appealing to local Parisiens and international guests alike.

Operational Review

The Peninsula Istanbul

The Peninsula Istanbul experienced its first full year of operation in 2024. Since opening in 2023, the hotel has received significant positive media coverage and received an accolade of No 1 Hotel in Europe and No 1 Hotel in Istanbul from *Travel + Leisure*'s 2024 World's Best Awards.

Operational Review

While in its first full year of operation, momentum has been satisfactory and continues to gather pace, achieving RevPAR number 3 in the city for the full year of 2024. Geopolitical tensions in the region affected overseas visitors in the first quarter but this stabilised from the second quarter onwards and US visitors started to return to the region. Saudi Arabia, Qatar, Russia and UK markets were also strong. Average room rate has reported a significant drop year on year, due to a revised room rate strategy focusing on driving occupancy and in line with our competitive set.

Food and beverage performance has been strong, particularly in *The Lobby* and banqueting, as the hotel offers one of the largest *al fresco* ballrooms in the city which has become popular for weddings and large corporate events. Our rooftop restaurant GALLADA closed from January to April 2024 to allow for the construction of an extended pavilion, enabling more year-round dining. GALLADA has received significant positive reviews and has become a top dining destination in the city.

Operational Review

THE PENINSULA
New York

Revenue US$83m	Occupancy
-15%	-2pp
Average Room Rate	***RevPAR**
+17%	+14%

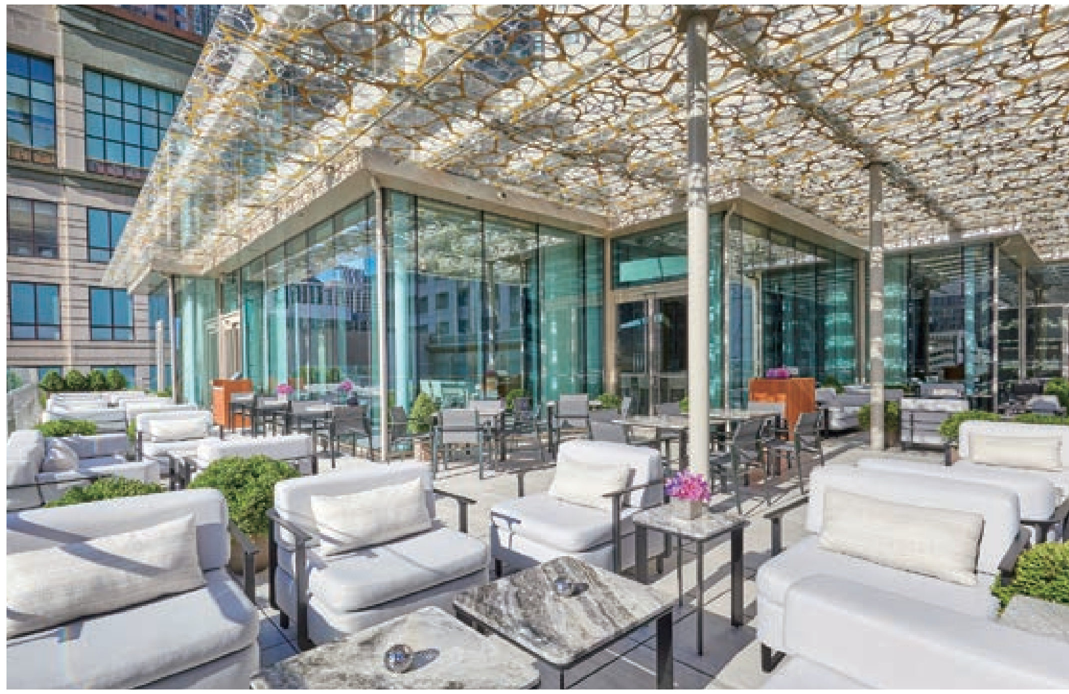
* The number of available rooms has fluctuated due to the renovation at the hotel from January to September 2024.

The Peninsula New York

The Peninsula New York completed a significant renovation during 2024 which resulted in a transformation of the guestrooms, lobby, rooftop bar *Pen Top* and public areas. This renovation started in phases in January 2024 and was completed in September 2024 in time for the UN General Assembly, which was a significant source of business for the hotel. An average 98 keys out of 233 keys were out of commission during this period. This negatively affected revenue for the period under renovation; however, the room rates and RevPAR improved once the new rooms product became available and received very positive reviews from guests and media.

Food and beverage revenue was strong, with good results from catering as a result of having a retractable roof on the terrace for small private events.

Operational Review



The Peninsula Chicago

The Peninsula Chicago recorded a positive year in 2024, driven by good group business including a variety of entertainment groups, celebrities, high-profile sports teams and press tours. Having implemented some innovative digital marketing strategies, we were pleased to see the results and once again finished the year as the leader in RevPAR in the city.

Business was robust at our rooftop bar *Z Bar*, which has won accolades of the Best Bar in Chicago from Mandoe Media. Aside from *Z Bar*, food and beverage revenue was flat and we implemented a variety of innovative promotions at *Pierrot Gourmet*, *Shanghai Terrace*, as well as bringing back the very popular "Chocolate Bar" promotion in *The Lobby*.

The Peninsula Chicago has collaborated with art partners to curate contemporary art exhibits that are showcased throughout the hotel's public space and on display for several months, commencing during the city's annual EXPO CHICAGO art event. In April 2024, the Pizzuti Collection collaborated with The Peninsula Chicago to present *A Journey*, an exhibition of 30 exceptional works, many of which are painted by Black artists, which was very well received by guests and the local community.

We were delighted to receive the accolade of No 2 Hotel in Chicago from *Travel + Leisure*'s 2024 World's Best Award.

Operational Review

The Peninsula Beverly Hills

The Peninsula Beverly Hills experienced a stable performance in 2024 with improved occupancy and RevPAR year-on-year, although rates declined slightly. Los Angeles was affected by prolonged inclement weather in early 2024, which negatively affected our rooftop and pool areas as well as weekend guests and drive-in visitors.

In the first quarter, we received high suite demand due to large conferences being held in Beverly Hills, particularly the Milken Conference which led to substantial additional events and group bookings.

Food and beverage revenue was softer during the year and we implemented various promotions to drive business. As part of a pop-up dining experience series, we introduced a pop-up of Michelin-starred French restaurant Camphor and Mexican cultural evenings of “Nights in Jalisco” during August, which helped drive revenue in *Belvedere Terrace*.

In June 2024, the hotel was the venue for an auction exhibition of “Princess Diana’s Elegance & A Royal Collection” which was the largest collection of gowns and accessories ever to be auctioned. This event received remarkable press coverage for the hotel.

We were saddened by the loss of lives and thousands of homes due to the wildfires in early 2025 in the city. We have implemented a “Hope for Los Angeles” campaign to give back to the local communities affected by the fires. For every night booked at The Peninsula Beverly Hills, New York, or Chicago between 1 February and 31 March 2025, a US$5 donation will be made to a non-profit, government-funded organisation providing resources to wildfire survivors.

Operational Review

The Peninsula Bangkok

The Peninsula Bangkok experienced an improved year compared to the same period last year with increasing room rates, stronger RevPAR and revenue. International business improved in Thailand with guests returning from mainland China, Malaysia, Russia and South Korea.

The local business environment remains challenging in Bangkok due to a large oversupply of hotels, and the team is focused on positioning The Peninsula Bangkok as a unique "urban wellness resort" location with stunning riverfront views. We re-introduced our wellness festival in September 2024, with the theme of "Art of Urban Wellness", featuring a diverse range of holistic wellness activities, classes, and workshops led by acclaimed practitioners, aimed at enhancing guests' physical, mental, and nutritional well-being.

In May 2024, we announced the three-month residency of Thai textile virtuoso Jarupatcha Achavasmit as part of The Peninsula's celebrated global art programme, "Art in Resonance". We also offered complimentary cultural tours on a weekly basis which comprised multicultural visits to Thai temples, shrines and mosques.

In November 2024, we implemented a special range of packages to celebrate Loy Krathong, one of Thailand's most cherished festivals, with a spectacular range of activities celebrating tradition, entertainment, and gourmet cuisine.

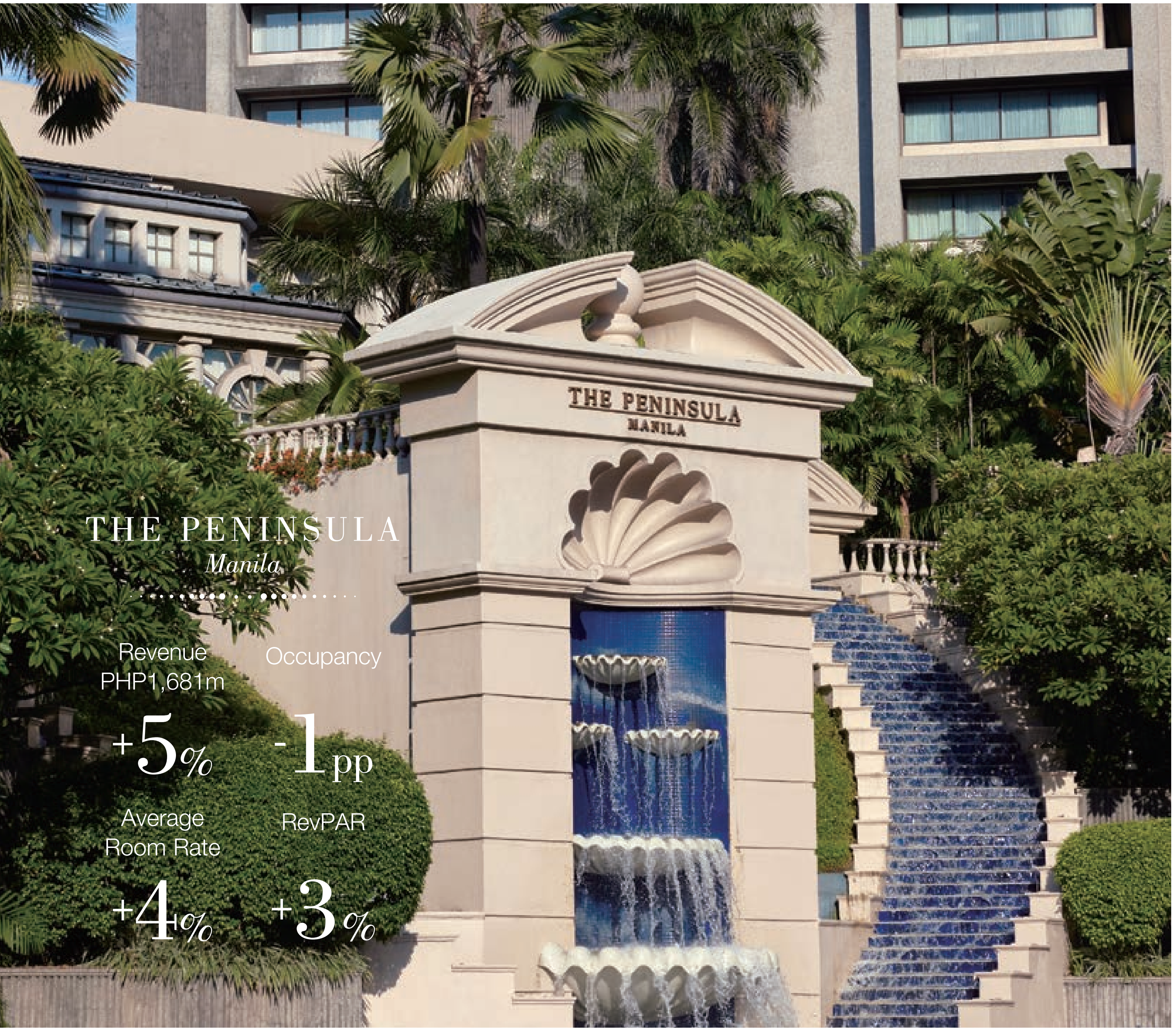
Operational Review

The Peninsula Manila

The Peninsula Manila experienced a satisfactory performance in 2024 compared to the previous year. Average room rates, revenue and RevPAR all increased year on year. New office buildings and revitalised shopping centres in the nearby area of Makati City brought increased traffic and a new Convention Hall attracted an increasing amount of domestic and international conventions business.

The Peninsula Manila remains a preferred hotel of high-level ministerial delegations and we welcomed several heads of State and government delegations from Asia and the North America during 2024. We also saw good growth in air crew groups choosing to stay at The Peninsula Manila, which should help improve occupancy in the coming year.

Banqueting business continued to be a key driver of food and beverage revenue and wedding business was strong., *The Lobby*, *Spices* and *Escolta* also performed well. We introduced



Mizunara: The Library, *Hong Kong* for a pop-up promotion of Hong Kong cocktails at *The Bar* in February 2024 and this proved popular with guests.

We were delighted to receive the accolade of “Best Business Hotel in Manila” in the 2024 Business Traveller Asia-Pacific Awards.

Operational Review

Commercial Properties Division

Commercial Properties	Revenue HK$m	Variance HK$	Year-on-Year Local Currency
The Repulse Bay Complex	581	+5%	+5%
The Peak Tower	165	+20%	+20%
St. John's Building	45	-4%	-4%
The Landmark	38	-7%	-2%
21 avenue Kléber	31	+17%	+18%
The Peninsula Shanghai Apartments	8	+17%	+20%

Our largest commercial property, **The Repulse Bay Complex,** enjoyed a positive momentum and positive leasing environment compared to the previous year. Residential revenue and occupancy improved at 101 Repulse Bay and de Ricou following a minor refurbishment of 30 apartments, and we were pleased to see demand returning from local moves and expatriates who are returning or moving to Hong Kong.

The Repulse Bay Arcade, which offers a diverse range of lifestyle amenities and services, reported stable occupancy and revenue. We have undertaken a strategic review of the arcade with some renovation in order to offer unique and enhanced facilities to guests. Ahead of this revamp, The Repulse Bay introduced a refreshed brand identity in May 2024, including a new logo and revamped website inspired by certain elements of The Peninsula brand identity.

The Peak Tower reported strong performance in 2024. Revenue and occupancy at The Peak Tower improved and we are exploring a variety of new dining and retail options to enhance the Peak Tower's appeal as a destination. We continued to implement a variety of promotions and business strategies to entice more visitors to the Peak. Visitors to Sky Terrace 428 improved significantly compared to the previous year, due to successful sales of "combo" tickets with the Peak Tram. In December, we unveiled the "It's Different Up Here" campaign which ran until February 2025. It included an entertaining display called "101 Peak Street" at The Peak Tower, comprising a series of "Hong Kong Stories and flavours" for visitors to enjoy local delicacies.

St John's Building is located above the lower terminus of the Peak Tram and offers an excellent location for office space. The office market remained weak in Hong Kong during 2024 and this was reflected in the lower revenue and occupancy.

The Landmark, a 16-storey residential and office property, is located on a prime riverfront site in the central business district of Ho Chi Minh City, Vietnam. Business performance was softer in 2024 compared to the previous year. Revenue and occupancy for the offices declined slightly compared to the same period last year and residential revenue and occupancy also declined. Together with our partners, we are evaluating the future of the property when the lease expires in 2026.

21 avenue Kléber offers a prime location immediately adjacent to The Peninsula Paris on Avenue Kléber, just steps from the Arc de Triomphe. The office and retail spaces are currently fully occupied. Rental revenue improved compared to the previous year.

Operational Review

Peak Tram, Retail and Others

	Revenue HK$	Variance HK$	Local Currency
The Peak Tram	312	+41%	+41%
The Quail	236	+4%	+4%
Peninsula Clubs & Consultancy Services	5	+7%	+7%
Peninsula Merchandising	353	+12%	+12%
Tai Pan Laundry	63	+7%	+7%

The Peak Tram, a funicular railway, is one of Hong Kong's most popular tourist attractions and has been in operation since 1888. Following the major upgrade project that was completed in 2022, business has been very strong. In 2024, patronage returned to pre-pandemic levels, with the Peak Tram operating at full capacity on certain days, and revenue increased by more than 40% year-on-year. We have adjusted our ticketing strategy and pricing to standardise fares on all days, to allow for a steady flow of visitors and to try to manage the traffic. Since the renovation, more visitors are able to queue inside a sheltered area and enjoy a variety of audiovisual entertainment features.

The Quail reported moderate revenue growth year over year, with the majority of improvement coming from the property's signature event held in August, *The Quail Motorsports Gathering* which saw record results and is considered one of the world's leading concours events. The outlook for 2025 is

Operational Review

positive, and the future business pipeline is strong. A fourth quarter shift towards balancing average rates with improved occupancy and RevPAR trends, and we experienced revenue growth in the restaurant outlets. Efforts to strengthen local relationships through improved experiences are underway, centred around the core community of The Quail golf club members and local residents.

Peninsula Clubs & Consultancy Services (PCCS) manages The Hong Kong Club, Hong Kong Bankers Club and The Refinery. PCCS reported an improvement in revenue compared to the same period last year.

Revenue at **Peninsula Merchandising** increased compared to the previous year, although our business was affected by a softer retail market in Hong Kong and mainland China. We reported continued growth in our boutique stores in Japan as well as our online businesses, and we have strategically changed our ecommerce provider in mainland China to drive online traffic. This division is renowned for its signature Mooncakes and our mid-Autumn sales were satisfactory. Business is progressing well, with expansion in several markets including mainland China. We are directly operating retail boutiques and online sales channels, as well as seasonal pop ups. In Hong Kong, we organised new pop-ups for key seasonal gifting seasons, including one in the luxury department store Lane Crawford during Chinese New Year 2024. Although revenue increased, there is still some work to be done on improving profitability and reducing costs and we are working on strategies to achieve this.

We are preparing to launch new categories of products including "lifestyle" to develop a broader range of luxury gifting. We are also expanding the range across core categories such as chocolate, tea and delicacies, in order to introduce our brand in new markets.

We are planning for a refurbishment of The Peninsula Boutique at Hong Kong International Airport to be completed within the second quarter of 2025.

Tai Pan Laundry revenue increased compared to the same period last year, driven by improved business from hotels, clubs and gyms and diversified business services.

Financial Review

The financial details outlined in this chapter provide an overview of the group's consolidated results and financial capital as categorised by the International Integrated Reporting Framework, which refers to the pool of funds that is available to an organisation for use in the production of goods or the provision of services.

Summary

The group achieved consolidated revenue of HK$10,290 million and consolidated EBITDA of HK$1,446 million for the year ended 31 December 2024, representing a year-on-year increase of 27% and 32% respectively. These increases were mainly attributable to The Peninsula London's full-year of operation and the completion of sale of seven Peninsula London Residences.

Excluding the results arising from the sale of seven (2023: ten) Peninsula London Residences, the group's consolidated revenue and consolidated EBITDA increased by 18% and 34% to HK$6,838 million and HK$1,128 million respectively.

Despite the increases in operating revenue and EBITDA, overall, the group incurred a loss attributable to shareholders of HK$943 million (including a property revaluation loss of HK$569 million and an impairment provision of HK$158 million) as compared to a profit of HK$146 million (including a property revaluation gain of HK$186 million) last year. Excluding the non-recurring and non-operating items, the group reported an underlying loss of HK$176 million as compared to an underlying profit of HK$277 million last year. As outlined in the profit warning announcement dated 14 February 2025, the main factors affecting the comparison with last year were:

- An increase in depreciation of 32% mainly attributed to The Peninsula London which opened in September 2023.

- An increase in net financing charges of 157% as the group is no longer capitalising interest on borrowings relating to The Peninsula London project following the opening of the hotel, as well as higher interest rates.

- An unrealised revaluation loss on the group's investment properties of HK$569 million as compared to a revaluation gain of HK$186 million last year.

- An impairment provision of HK$158 million in respect of the group's investment in The Peninsula Yangon project.

The group's financial position as of 31 December 2024 remained stable with net assets attributable to shareholders of HK$35.4 billion. During the year, the group generated operating cash flow of HK$4,391 million. After accounting for capital expenditure, interest payments and dividends paid, the net cash inflow generated by the group amounted to HK$2,239 million. As a result, the group's net debt decreased by 17% to HK$12.5 billion and the net debt to total assets reduced by 3 percentage points to 23%.

The Group's Adjusted Net Asset Value

In the financial statements, the group's hotels (other than shopping arcades and offices within the hotels) and golf course are stated at depreciated cost less accumulated impairment losses, if any, but not at fair value.

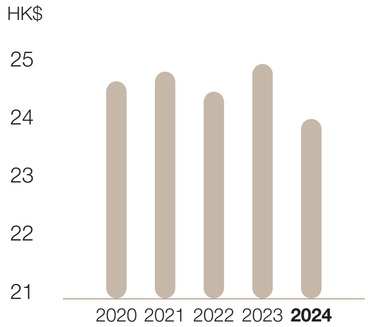
Accordingly, we have commissioned an independent third-party fair valuation of the group's hotels and golf course as at 31 December 2024. If these assets were to be stated at fair value, the group's net assets attributable to shareholders would increase by 13% to HK$40,033 million as indicated in the table below.

HK$m	**2024**	2023
Net asset value attributable to shareholders per the audited statement of financial position	**35,401**	36,279
Adjusting the value of hotels and golf course to fair value, net of related deferred tax and non-controlling interests	**4,632**	4,812
Adjusted net asset attributable to shareholders	**40,033**	41,091
Audited net asset per share (HK$)	**21.24**	22.00
Adjusted net asset per share (HK$)	**24.01**	24.92

Adjusted NAV -3%

HK$40,033m

Adjusted NAV per share

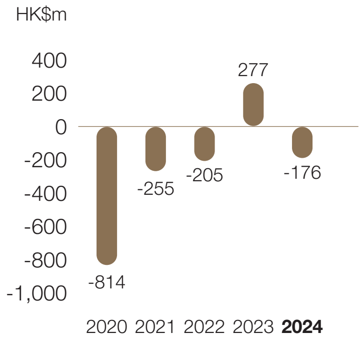


Financial Review

Underlying loss

HK$176m

Underlying (loss)/profit



The Group's Underlying Profit or Loss

Our operating results are mainly derived from operation of hotels, leasing and sale of luxury residential apartments, leasing of office and retail properties, operation of the Peak Tram, and retail merchandising. We manage the group's operations with principal reference to their underlying operating cash flows and recurring earnings. However, to comply with the applicable accounting standards, we are required to include non-recurring and non-operating items, such as any changes in the fair value of investment properties and impairment provisions, in our consolidated statement of profit or loss. To reflect the underlying operating performance of the group, we have provided a calculation of the underlying profit or loss attributable to shareholders. This is determined by excluding the pre-opening and project expenses, the post-tax effects of the revaluation movements of investment properties, impairment provisions and other non-recurring items.

The group's underlying loss attributable to shareholders for the year ended 31 December 2024 amounted to HK$176 million compared to an underlying profit of HK$277 million in 2023.

HK$m	2024	2023
(Loss)/profit attributable to shareholders	**(943)**	146
Revaluation loss/(gain) of investment properties#	**582**	(180)
Impairment provision, net of non-controlling interests	**106**	–
Pre-opening and project expenses and other non-recurring expenses^ΔΔ	**79**	311
Underlying (loss)/profit	**(176)**	277

Including the group's share of revaluation movement of The Peninsula Shanghai's commercial arcade, net of tax and non-controlling interests.

ΔΔ Pre-opening and project expenses and other non-recurring expenses are unrelated to the group's operating hotels and properties and are non-recurring in nature. Pre-opening expenses represent the recruitment, payroll, marketing, and administrative expenses incurred by the pre-opening offices of the group's new hotels. Project expenses represent the specific expenses incurred by the group to support the development of new hotel projects. In 2023, significant amounts of pre-opening expenses and project expenses were incurred by The Peninsula London and The Peninsula Istanbul. In 2024, whilst the two hotels had opened for operation, the project team was still required for follow up works, including snagging, rectification and accounts finalisation.

Statement of Profit or Loss

The following table summarises the key components of the group's loss attributable to shareholders. This table should be read in conjunction with the commentary of this Financial Review.

HK$m	2024	2023	2024 vs 2023 favourable/ (unfavourable)
Revenue			
– operations	**6,838**	5,814	18%
– residential sales	**3,452**	2,298	50%
Total revenue	**10,290**	8,112	27%
Operating costs			
– operations	**(5,631)**	(4,680)	(20%)
– residential sales	**(3,134)**	(2,042)	(53%)
EBITDA before non-recurring expenses	**1,525**	1,390	10%
Pre-opening and project expenses and other non-recurring expenses	**(79)**	(292)	73%
EBITDA	**1,446**	1,098	32%
Depreciation and amortisation	**(686)**	(520)	(32%)
Net financing charges	**(754)**	(293)	(157%)
Share of results of joint ventures	**(92)**	(166)	45%
Share of results of associates	**(16)**	(18)	11%
(Decrease)/increase in fair value of investment properties	**(569)**	186	n/a
Impairment provision for The Peninsula Yangon development project	**(158)**	–	n/a
Taxation	**(164)**	(139)	(18%)
(Loss)/profit for the year	**(993)**	148	n/a
Non-controlling interests	**50**	(2)	n/a
(Loss)/profit attributable to shareholders	**(943)**	146	n/a

Further details for the group's revenue and operating costs are set out on pages 90 to 93.

Financial Review

Consolidated revenue

HK$10,290m +27%

HK$6,838m* +18%

Hotels +19%

HK$4,980m

Commercial properties

HK$4,340m +40%

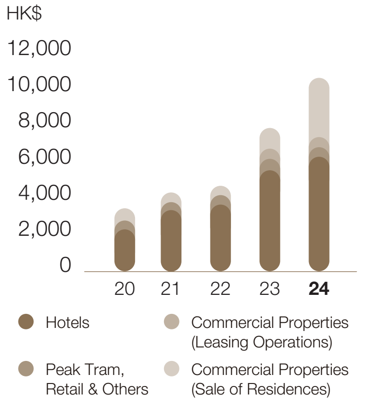
HK$888m* +9%

Peak Tram, Retail & Others

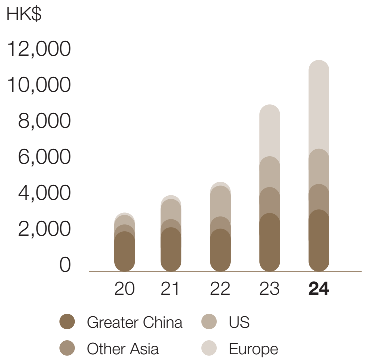
HK$970m +17%

* *Excluding revenue from the sale of The Peninsula London Residences*

Combined revenue* by Business segment



Combined revenue* by Geographical segment



* *Including the group's effective share of revenue of associates and joint ventures*

As is often typical in the hospitality industry to support the opening of new hotels, significant amounts of pre-opening expenses were incurred in 2023 to support the launch of The Peninsula London and The Peninsula Istanbul. Following the opening of the two hotels, despite a scale-down of pre-opening expenses, project expenses were incurred in 2024 for certain completion of works as well as snagging, rectification and accounts finalisation for the projects.

The increase in depreciation and amortisation was mainly attributable to The Peninsula London which opened in September 2023. The increase in net financing charges was due to the cessation of capitalisation of interest on borrowings relating to The Peninsula London following the hotel opening.

Revenue

The group's hotel revenue is derived from our twelve luxury hotels under The Peninsula brand in Asia, Europe and the US, two of which are held by the group's associates and two by joint ventures. In addition to the hotels division, the group also operates a commercial properties division which is engaged in the development and sale or leasing of luxury residential apartments and leasing of office and retail buildings in prime city-centre locations in Asia and Europe. The group's third business division is engaged in the operation of the Peak Tram, retail and other services, including operation of The Quail.

The group's consolidated revenue in 2024 increased by 27% to HK$10,290 million, inclusive of HK$3,452 million revenue arising from the sale of seven Peninsula Residences in London (2023: HK$2,298 million). Combined revenue, including the group's effective share of revenue of associates and joint ventures amounted to HK$10,991 million, representing an increase of 26% over 2023.

A breakdown of the group's total revenue, including its effective share of revenue of associates and joint ventures by business segment and geographical segment is set out in the tables in the next page.

Revenue by business segment*

HK$m	2024 Group's subsidiaries	2024 Associates and joint ventures (effective share)	2024 Combined total	2023 Group's subsidiaries	2023 Associates and joint ventures (effective share)	2023 Combined total	2024 vs 2023
Hotels	4,980	701	5,681	4,174	591	4,765	19%
Commercial Properties	4,340	–	4,340	3,110	–	3,110	40%
Peak Tram, Retail & Others	970	–	970	828	–	828	17%
	10,290	701	10,991	8,112	591	8,703	26%

* Revenue of Commercial Properties for 2024 included HK$3,452 million (2023: HK$2,298 million) revenue arising from the sale of seven (2023: ten) Peninsula London Residences.

Revenue by geographical segment*

HK$m	2024 Group's subsidiaries	2024 Associates and joint ventures (effective share)	2024 Combined total	2023 Group's subsidiaries	2023 Associates and joint ventures (effective share)	2023 Combined total	2024 vs 2023
Greater China	2,932	229	3,161	2,735	230	2,965	7%
Other Asia	1,365	–	1,365	1,232	–	1,232	11%
US	1,567	126	1,693	1,638	123	1,761	(4%)
Europe	4,426	346	4,772	2,507	238	2,745	74%
	10,290	701	10,991	8,112	591	8,703	26%

* Revenue of the Europe geographical segment for 2024 included HK$3,452 million (2023: HK$2,298 million) revenue arising from the sale of seven (2023: ten) Peninsula London Residences.

The hotels division is the largest contributor of the group's combined revenue. During the year, The Peninsula New York underwent major renovation from January to September and reported a significant reduction in revenue. However, this revenue shortfall was fully offset by the revenue growth achieved by The Peninsula Tokyo and the full year contribution from The Peninsula London. The division reported an increase in combined revenue by 19% to HK$5,681 million.

Revenue from the commercial properties division increased by 40% to HK$4,340 million, inclusive of HK$3,452 million (2023: HK$2,298 million) revenue arising from the sale of seven (2023: ten) Peninsula Residences in London. Excluding this, the division reported an increase in revenue by 9% due to improved occupancy from The Repulse Bay and a higher number of visitors to Sky Terrace 428. The Repulse Bay Complex is the largest contributor of revenue in respect of leasing operations, accounting for 65% of the division's rental revenue.

Revenue of the Peak Tram, Retail & Others division increased by 17% to HK$970 million, mainly attributable to the strong performance achieved by the Peak Tram and higher mooncake revenue achieved by The Peninsula Merchandising.

Details of the operating performances of the group's individual operations are set out on pages 44 to 85 of the Operational Review.

Financial Review

Operating costs (inclusive of pre-opening and project expenses)

The following table summarises the key components of the group's operating costs.

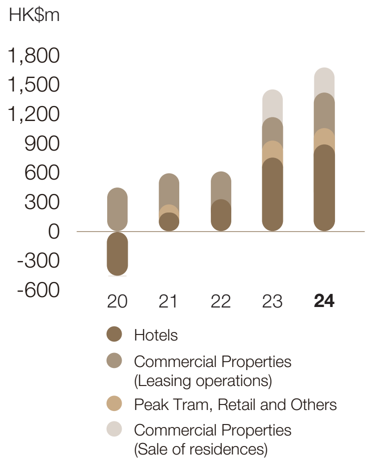
HK$m	2024	2023	2024 vs 2023 favourable/ (unfavourable)
Cost of inventories	**3,595**	2,435	(48%)
Staff costs and related expenses	**2,749**	2,462	(12%)
Rent and utilities	**524**	492	(7%)
Advertising and promotions	**314**	251	(25%)
Credit card and room commissions	**296**	217	(36%)
Guest supplies and laundry expenses	**279**	241	(16%)
IT and telecommunication expenses	**121**	106	(14%)
Property maintenance and insurance	**328**	263	(25%)
Other operating expenses	**638**	547	(17%)
	8,844	7,014	(26%)
Represented by:			
Operating costs	**5,631**	4,680	(20%)
Costs of the Peninsula Residences sold, including agency fees	**3,134**	2,042	(53%)
Pre-opening and project expenses and other non-recurring expenses	**79**	292	73%
	8,844	7,014	(26%)

During the year, the group's costs increased by 26% to HK$8,844 million. Excluding the cost of inventories relating to The Peninsula London Residences and pre-opening, project and other non-recurring expenses, the operating costs amounted to HK$5,631 million, representing an increase of 20% compared to an increase in consolidated revenue (excluding the sales of The Peninsula London Residences) of 18%. The negative flow-through was mainly due to the revenue shortfall suffered by The Peninsula New York during the renovation from January to September 2024 and the high operating costs incurred by The Peninsula London in its early stage of operation before achieving stabilisation.

In 2024, a total of seven (2023: ten) Peninsula London Residences were sold. The associated costs were higher as the residential units sold during the year were relatively larger than those sold in last year.

Excluding the costs of The Peninsula London Residences sold, staff costs continued to be the largest portion of our operating expenses given the nature of operating high-end luxury hotels. The increase in staff costs and related expenses was driven by the annual inflationary adjustments, increase in full-time equivalent employees (the total number of hours worked by all employees and casual labour as the equivalent number of full-time employees) to cater for the increased business levels and the full year operation of The Peninsula London. As at 31 December 2024, the group's full time headcount increased from 7,695 to 7,836.

Combined EBITDA* by Business segment



* *Excluding pre-opening and project expenses and other non-recurring expenses*

EBITDA* and EBITDA* Margin

The breakdown of the group's combined EBITDA* (earnings before interest, taxation, depreciation and amortisation) by business segment and by geographical segment is set out in the following tables.

EBITDA* by business segment

	2024			2023			
HK$m	Group's subsidiaries	Associates and joint ventures (effective share)	Combined total	Group's subsidiaries	Associates and joint ventures (effective share)	Combined total	2024 vs 2023
Hotels	695	118	813	633	79	712	14%
Commercial Properties	716	-	716	642	–	642	12%
Peak Tram, Retail & Others	114	-	114	115	–	115	(1%)
	1,525	118	1,643	1,390	79	1,469	12%

EBITDA* by geographical segment

	2024			2023			
HK$m	Group's subsidiaries	Associates and joint ventures (effective share)	Combined total	Group's subsidiaries	Associates and joint ventures (effective share)	Combined total	2024 vs 2023
Greater China	802	65	867	797	62	859	1%
Other Asia	220	-	220	204	–	204	8%
US	95	21	116	204	24	228	(49%)
Europe	408	32	440	185	(7)	178	147%
	1,525	118	1,643	1,390	79	1,469	12%

Financial Review

EBITDA* margin

	2024			2023		
	Group's subsidiaries	Associates and joint ventures (effective share)	Combined total	Group's subsidiaries	Associates and joint ventures (effective share)	Combined total
Hotels	14%	17%	14%	15%	13%	15%
Commercial Properties	16%	–	16%	21%	–	21%
Peak Tram, Retail & Others	12%	–	12%	14%	–	14%
Overall EBITDA* margin	15%	17%	15%	17%	13%	17%
By region						
Greater China	29%	28%	29%	30%	27%	30%
Other Asia	15%	–	15%	15%	–	15%
US	6%	17%	7%	12%	20%	13%
Europe	9%	9%	9%	7%	-3%	6%

* Excluding pre-opening and project expenses and other non-recurring expenses.

The group achieved a combined EBITDA of HK$1,643 million in 2024. Excluding the EBITDA on sale of The Peninsula London Residences, the group's combined EBITDA amounted to HK$1,325 million compared to HK$1,213 million in 2023, representing an increase of 9% year-on-year.

The group's operations in different business segments and different geographic locations are subject to different cost bases. The decrease in the Commercial Properties division's EBITDA margin was due to the effect of The Peninsula London Residences. Excluding The Peninsula London Residences, the EBITDA margin for 2024 was 45% (2023: 48%). The decrease in margin was mainly due to an increase in utility and building maintenance costs.

Overall EBITDA margin, excluding The Peninsula London Residences, was 18% (2023: 19%).

Share of results of joint ventures

The group, through its joint venture The Peninsula Shanghai Waitan Hotel Company Limited (PSW), owns a 50% interest in The Peninsula Shanghai Complex which comprises The Peninsula Shanghai hotel and shopping arcade and the adjoining Peninsula Residences apartment tower. During the year, no apartment was sold and at the end of 2024, PSW owned seven remaining apartments which are held for sale.

The group also owns a 50% interest in The Peninsula Istanbul through PIT İstanbul Otel İşletmeciliği Anonim Şirketi (PIT), a joint venture incorporated in Türkiye. The Peninsula Istanbul, which opened in February 2023, was loss-making in 2024 as the hotel still requires time to ramp up to a stabilised stage of operations.

The group's share of net loss of these hotels amounted to HK$92 million (2023: HK$166 million).

Details of the operating performances of The Peninsula Shanghai and The Peninsula Istanbul are set out in the Operational Review section on pages 50 and 66 respectively.

Share of results of associates

The group has a 20% interest in each of The Peninsula Beverly Hills and The Peninsula Paris. The group's share of net loss of these hotels amounted to HK$16 million (2023: HK$18 million).

Details of the operating performances of The Peninsula Beverly Hills and The Peninsula Paris are set out in the Operational Review section on pages 74 and 64 respectively.

Decrease in fair value of investment properties

The investment properties of the group were revalued as at 31 December 2024 by independent firms of valuers based on an income capitalisation approach. The net revaluation deficit of HK$569 million was principally attributable to the decrease in the appraised market value of The Repulse Bay Complex and St. John's Building.

Impairment provision

As development work for The Peninsula Yangon project has been on hold since June 2021 and the outlook of the tourism market in Myanmar continues to be uncertain, a review has been conducted by management to assess the recoverability of The Peninsula Yangon's book value. Based on the assessment, the Directors consider it prudent to write off the remaining book value of The Peninsula Yangon resulting in an impairment provision of HK$158 million being recognised in the statement of profit or loss for the year ended 31 December 2024.

Financial Review

Statement of financial position

The key components of the group's assets and liabilities are set out in the following table. As reflected in the table, the group's financial position as at 31 December 2024 remained stable with shareholders' funds amounting to HK$35,401 million, representing a per share value of HK$21.24.

HK$m	2024	2023	2024 vs 2023 increase/ (decrease)
Fixed assets	**47,864**	48,832	(2%)
Properties held/under development for sale	**1,472**	4,382	(66%)
Other long-term assets	**2,838**	2,587	10%
Derivative financial instruments	**166**	220	(25%)
Cash at banks and in hand	**895**	881	2%
Other assets	**941**	967	(3%)
	54,176	57,869	(6%)
Interest-bearing borrowings	**(13,389)**	(15,914)	16%
Lease liabilities	**(2,612)**	(2,733)	4%
Other liabilities	**(2,729)**	(2,843)	4%
	(18,730)	(21,490)	13%
Net assets	**35,446**	36,379	(3%)
Represented by:			
Shareholders' fund	**35,401**	36,279	(2%)
Non-controlling interests	**45**	100	(55%)
Total equity	**35,446**	36,379	(3%)

Summary of hotel, commercial and other properties

The group has interests in twelve operating hotels in Asia, Europe and US and a golf course in the US. In addition to these properties, the group owns residential apartments, office towers and commercial buildings for rental purposes.

The group's hotel properties and investment properties are dealt with under different accounting policies as required by the relevant accounting standards. The hotel properties (other than shopping arcades and offices within the hotels) and golf course are stated at cost less accumulated depreciation and any provision for impairment losses, whilst investment properties (including shopping arcades and offices within the hotels) are stated at fair value as appraised by independent valuers. In order to provide users of the financial statements with additional information on the fair value of the group's properties, independent valuers have been engaged to conduct a valuation of the hotel properties and golf course as at 31 December 2024.

A summary of the group's hotel, commercial and other properties showing both the book value and the fair value as at 31 December 2024 is set out in the table on the following page.

	2024 Group's interest	2024		2023	
		Value of 100% of the property (HK$m)			
		Fair value valuation	**Book value**	Fair value valuation	Book value
Hotel properties*					
The Peninsula Hong Kong	100%	**12,303**	**9,757**	12,322	9,751
The Peninsula London	100%	**7,967**	**7,646**	8,201	7,811
The Peninsula New York	100%	**2,200**	**1,873**	2,129	1,604
The Peninsula Chicago	100%	**1,231**	**961**	1,227	998
The Peninsula Beijing	76.6% ∆	**940**	**909**	1,047	1,023
The Peninsula Tokyo	100%	**1,294**	**879**	1,395	1,004
The Peninsula Bangkok	100%	**648**	**555**	642	554
The Peninsula Manila	77.4%	**35**	**19**	45	26
The Peninsula Istanbul#	50%	**1,890**	**1,890**	2,147	2,147
The Peninsula Shanghai#	50%	**2,584**	**1,864**	2,706	2,024
The Peninsula Paris#	20%	**4,297**	**3,617**	4,600	4,116
The Peninsula Beverly Hills#	20%	**2,796**	**265**	2,771	257
		38,185	**30,235**	39,232	31,315
Commercial properties					
The Repulse Bay Complex	100%	**18,005**	**18,005**	18,424	18,424
The Peak Tower	100%	**1,487**	**1,487**	1,418	1,418
St. John's Building	100%	**1,080**	**1,080**	1,174	1,174
21 avenue Kléber	100%	**651**	**651**	674	674
The Peninsula Shanghai Residences	100%	**355**	**355**	367	367
The Landmark	70% ∆∆	**9**	**9**	18	18
		21,587	**21,587**	22,075	22,075
Other properties					
The Quail and vacant land	100%	**282**	**271**	282	274
Vacant land in Thailand	100%	**93**	**93**	91	91
Other properties for own use	100%	**361**	**177**	403	188
		736	**541**	776	553
Properties under development					
The Peninsula Yangon	70%	**n/a**	**–**	122	122
		–	**–**	122	122
Total market/book value		**60,508**	**52,363**	62,205	54,065

* Including the shopping arcades and offices within the hotels.
∆ The group owns 100% economic interest of The Peninsula Beijing with a reversionary interest to the PRC partner in 2033 upon expiry of the joint venture period.
∆∆ The group owns 50% economic interest of The Landmark with a reversionary interest to the Vietnamese partner in 2026 upon expiry of the joint venture period.
\# These properties are held by associates/joint ventures.

Financial Review

Properties held for sale

The group owns a 100% interest in The Peninsula London Complex which comprises a 190-room Peninsula hotel and 24 Peninsula-branded Residences. The gross floor area of The Peninsula London Residences is approximately 119,000 square feet. In 2023, ten Peninsula London Residences were sold and during 2024, seven more units were sold.

Properties held for sale as at 31 December 2024 represented the cost of the remaining seven unsold Peninsula London Residences.

A calculation of the gain on sale of The Peninsula London Residences and the movement of properties held for sale during 2024 are set out in the tables below.

Gain on sale of The Peninsula London Residences

HK$m	2024	2023
Sale proceeds	**3,452**	2,298
Cost of residences sold	**(3,086)**	(1,999)
Direct selling costs	**(48)**	(43)
Profit on sale of The Peninsula London Residences before tax	**318**	256

Movement of properties held for sale

HK$m	2024	2023
At 1 January	**4,382**	5,169
Exchange adjustment	**(5)**	290
Addition	**181**	922
Cost of inventories sold	**(3,086)**	(1,999)
At 31 December	**1,472**	4,382

Prior to the handover of The Peninsula London Residences, reservation fees and pre-sale deposits paid by buyers are held in escrow accounts in accordance with the local regulations in the UK and are therefore not reflected in the consolidated statement of financial position.

Other long-term assets

The other long-term assets as at 31 December 2024 of HK$2,838 million (2023: HK$2,587 million) comprised mainly the group's 50% interest in The Peninsula Shanghai, the group's 20% interest and the value of its operating right in The Peninsula Beverly Hills, the group's 20% interest and the value of its operating right in The Peninsula Paris and the group's 50% interest and the value of trademark for The Peninsula Istanbul.

Derivative financial instruments

Derivative financial instruments mainly represent the fair value of interest rate swaps entered into by the group with financial institutions for hedging purposes. Under the interest rate swap arrangements, the group receives floating interest income and pays fixed interest expense.

Cash at banks and in hand and interest-bearing borrowings

As at 31 December 2024, the group's cash at banks and in hand and interest-bearing borrowings amounted to HK$895 million (2023: HK$881 million) and HK$13,389 million (2023: HK$15,914 million) respectively, resulting in a net borrowing of HK$12,494 million (2023: HK$15,033 million). The decrease in net borrowing was mainly due to the receipt of sale proceeds from The Peninsula London Residences during the year.

Cash flows

Excluding the proceeds from sales of The Peninsula London Residences of HK$3,452 million (2023: HK$2,298 million), the group generated a cash inflow from operations after tax, normal capital expenditure and hotel lease payments of HK$523 million compared to HK$906 million in 2023.

After accounting for capital expenditure and related interest on projects, dividends paid and other receipts, the group's net cash inflow amounted to HK$2,239 million compared to a net outflow of HK$58 million in 2023.

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The following table summarises the key cash movements for the year ended 31 December 2024.

HK$m	2024	2023
Operating EBITDA (before pre-opening and project expenses and residential sales)	**1,207**	1,101
Tax payment	**(173)**	(28)
Changes in working capital (excluding those relating to The Peninsula London Residences)	**(16)**	295
Normal capital expenditure on existing assets (excluding projects)	**(333)**	(314)
Net cash inflow after normal capital expenditure	**685**	1,054
Lease payments attributable to existing operations	**(162)**	(148)
	523	906
Proceeds from sale of The Peninsula London Residences	**3,452**	2,298
Net cash inflow from operations	**3,975**	3,204
Project-related cash flows		
Capital expenditure on The Peninsula London Complex and The Peninsula Istanbul	**(648)**	(2,231)
Capital expenditure on The Peninsula New York major renovation	**(289)**	–
Capital expenditure on Peak Tram upgrade project	**(12)**	(68)
Pre-opening and project expenses	**(79)**	(259)
Cash outflow for projects	**(1,028)**	(2,558)
Net cash inflow before dividends and other payments	**2,947**	646
Dividends paid to shareholders of the company	**(22)**	–
Dividends paid to holders of non-controlling interests	**(6)**	(6)
Net interest paid	**(685)**	(708)
Other receipts	**5**	10
Net cash inflow/(outflow) before financing	**2,239**	(58)

Capital commitments

The group's total capital commitments as at 31 December 2024 are summarised in the table below.

HK$m	**2024**	2023
Capital commitments in respect of:		
Existing properties	**673**	755
Special projects	**395**	1,534
The group's share of capital commitments of joint ventures and associates	**81**	172
	1,149	2,461

As at 31 December 2024, the group's undrawn committed facilities and cash at banks amounted to HK$3.7 billion (2023: HK$4.2 billion). The Directors believe that the group will be able to meet the above capital commitments as well as the working capital requirements of its operations.

Financial Review

Capital and treasury management

The group is exposed to liquidity, foreign exchange, interest rate and credit risk in the normal course of business and policies and procedures are put in place to manage such risks.

The group manages treasury activities centrally at its corporate office in Hong Kong. The group regularly reviews its capital structure and actively monitors current and expected liquidity requirements to ensure there is ample headroom for its obligations and commitments. The group also maintains adequate committed borrowing facilities from major financial institutions to ensure funds are available to meet its future financial obligations and to finance its growth and development. A centralised strategy is adopted by concentrating committed borrowing facilities at the corporate office in Hong Kong.

The group has established liquidity structure consists of notional cash pooling and domestic cash pooling so that global cash balances can be concentrated back to head office efficiently for strategic cash management.

As at 31 December 2024, the group has a credit rating of A from Japan Credit Rating Agency, Ltd for long-term foreign currency and local currency denominated debts.

Liquidity and Financing

We take a proactive approach to manage the group's liquidity and refinancing risk to ensure ample headroom to cover our capital commitments and protect against business volatility.

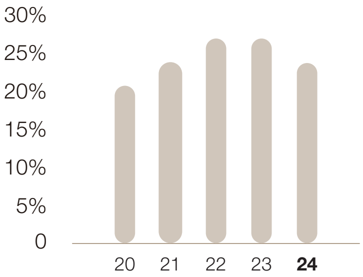
As at 31 December 2024, 32% and 30% of the group's committed facility is classified as green loans and sustainability linked loans respectively. The group is committed to integrate ESG elements into our business and finance strategy.

The group monitors its capital structure on the basis of its net borrowings (defined as interest-bearing borrowings less cash at banks and in hand) to total assets and monitors its liquidity through cash interest cover and funds availability.

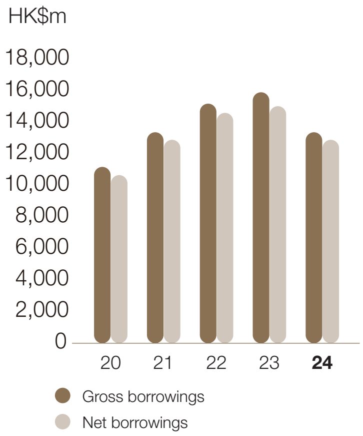
In 2024, gross borrowings decreased favourably to HK$13.4 billion (2023: HK$15.9 billion) mainly due to collection of The Peninsula London Residences proceeds. Consolidated net debt decreased to HK$12.5 billion as compared to HK$15.0 billion in 2023. As at 31 December 2024, the group had HK$2.8 billion of unused committed facilities. The group's net borrowings to total assets has improved to 23% as compared to 26% in 2023.

During the year, the group also refinanced its maturing loans in HKD and USD with new maturity tenors up to 5 years. The average debt maturity for the year has decreased slightly from 1.8 years to 1.7 years.

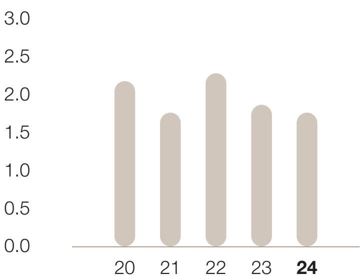
Net Borrowings to Total Assets



Gross and Net Borrowings



Weighted Average Debt Maturity



Majority of facilities that are maturing in 2025 are towards end of the year. The group has already actively started all major refinancing activities in 2025 Q1 for the next 12 months.

Net interest paid in 2024 decreased to HK$685 million (2023: HK$708 million). Cash interest cover (EBITDA less lease payments divided by net interest paid) was 1.87 times (2023: 1.34).

We continue to monitor our overall debt and cashflow positions closely and believe that the best defense against any unforeseen volatility in business levels is to maintain prudent financial headroom.

The consolidated and non-consolidated borrowings as at 31 December 2024 are summarised as follows:

HK$m	2024 Hong Kong	2024 Other Asia	2024 United States of America	2024 Europe	2024 UK	2024 Total	2023 Total
Consolidated gross borrowings	4,887	1,873	450	485	5,694	13,389	15,914
Non-consolidated gross borrowings attributable to the Group*:							
The Peninsula Shanghai (50%)	-	496	-	-	-	496	524
The Peninsula Beverly Hills (20%)	-	-	163	-	-	163	171
The Peninsula Paris (20%)	-	-	-	367	-	367	393
Non-consolidated borrowings	-	496	163	367	-	1,026	1,088
Consolidated and non-consolidated gross borrowings	4,887	2,369	613	852	5,694	14,415	17,002

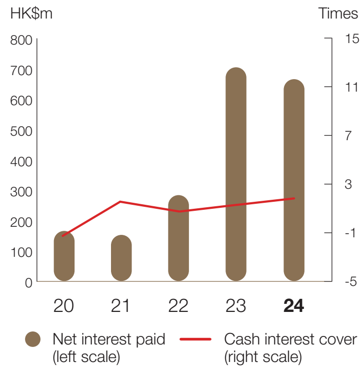
* Represents HSH's attributable share of borrowings

Foreign Exchange

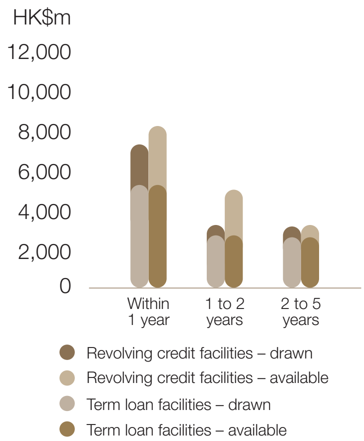
The group reports its financial results in Hong Kong dollars and does not hedge US dollar exposures in the light of the HK-US dollar peg. The group generally uses cross currency swaps, foreign exchange swaps or forward exchange contracts to hedge foreign exchange exposure.

All of the group's borrowings are denominated in the functional currency of the operations to which they relate. As at 31 December 2024, GBP, HK dollar and Japanese yen borrowings represented 43%, 37% and 13% of total borrowings, respectively. Other balances were in other local currencies of the group's entities.

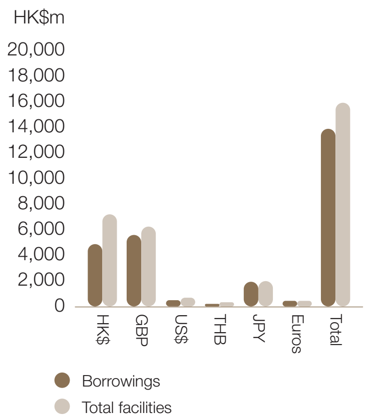
Net interest Paid
and Cash Interest Cover



Banking Facilities and Borrowings
(by type and maturity)

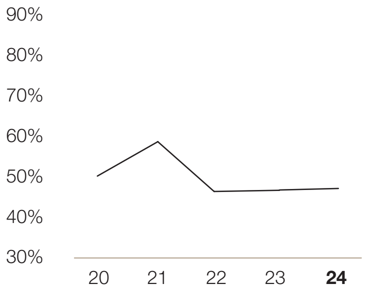


Banking Facilities and Borrowings
(by currency)

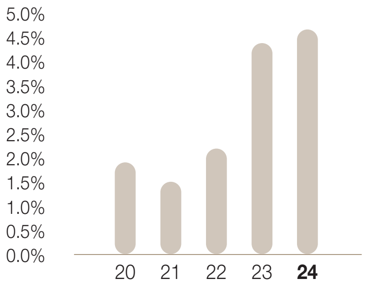


Financial Review

Percentage of Fixed Borrowings to Total Borrowings (adjusted for the hedging effect)



Weighted Average Gross Interest Rate



Interest rate risk

The group has an interest rate risk management policy which focuses on reducing the group's exposure to changes in interest rates by maintaining a prudent mix of fixed and floating rate liabilities. In addition to raising funds directly on a fixed rate basis, the group also uses interest rate swaps or cross currency interest rate swaps in managing its long-term interest rate exposure.

As at 31 December 2024, the group has maintained fixed to floating interest rate ratio of 47% as compared to 2023. Weighted average gross interest rate for the year increased slightly from 4.38% to 4.69%.

Credit risk

The group manages its exposure to non-performance of counterparties by transacting with lenders with a credit rating of at least investment grade. However, in developing countries, it may be necessary to deal with lenders of lower credit ratings.

Due to long term risk profiles, derivatives are used solely for hedging purposes and not for speculation and the group only enters into such derivative transactions with counterparties with invest grade ratings only.

As at 31 December 2024, derivatives with a notional amount of HK$5,278 million (2023: HK$5,504 million) were transacted.

Dividends

The company's dividend policy is to seek to provide its shareholders with a stable and sustainable dividend stream. The annual dividend payout ratio is based on the company's underlying profit, as well as additional commercial factors set out below. The company's practice is to offer dividends on a half-yearly basis either in cash or in scrip.

Additional commercial factors to be considered in setting the level of dividends include:

- current and future cash flows
- the level of borrowings, gearing and the cost of financing
- requirements for planned investments, acquisitions, and divestments
- the macro environment and the business outlook.

No interim dividend was declared and paid by the company for the six months ended 30 June 2024 (2023: nil). Given the underlying loss incurred by the company for the year ended 31 December 2024, the board of directors has resolved not to declare a final dividend for the year (2023: final dividend of 8 HK cents per share). The dividend decisions made by the board for the six months ended 30 June 2024 and the year ended 31 December 2024 were in line with the company's dividend policy.

Whist the company was unable to pay dividend for the year ended 31 December 2024 due to the loss situation, enhancing shareholder value remains a key objective and the company strives to achieve this by continually improving its existing assets for long-term appreciation in the capital value. The company is also looking for ways to improve operation efficiency to enhance profitability in the coming year.

Share information

At market close on 31 March 2025, the company's share price stood at HK$5.71, giving a market capitalisation of HK$9.5 billion (US$1.2 billion). This reflects a discount of 73% to net assets attributable to shareholders of the company, or a discount of 76% to the adjusted net assets attributable to shareholders (see page 87).

The average closing price during 2024 was HK$5.73, with the highest intraday price of HK$6.60 achieved on 13 December 2024 and the lowest intraday price of HK$5.10 recorded on 28 August 2024.

Creating Stakeholder Value

Improving Our Assets

The Peninsula New York

The Peninsula New York's comprehensive refurbishment represents a strategic investment in enhancing the hotel's assets and guest experience. Completed in September 2024, the renovation significantly enhanced our product on Fifth Avenue. This revitalisation included the transformation of 219 guest rooms and suites, as well as updates to public spaces and rooftop.

NY

Improving Our Assets

Key Features of the Refurbishment:

The Grand Entrance and Palm Court

The Grand Entrance showcases a magnificent chandelier and a dramatic double-height entry lobby with a sweeping marble double-staircase. The redesigned reception area features bespoke interiors with lighter finishes and rich wood panelling. The Palm Court has been updated with a newly commissioned triptych by contemporary artist Ricardo Mazal.

Improving Our Assets

Refurbished Guest Rooms and Suites

The refurbishment of 219 guest rooms and suites emphasises a residential feel, inspired by private Manhattan apartments. With a light colour palette and modern furnishings, each room is equipped with advanced technology, including touch-screen tablets for a 24-hour digital concierge service. The updated accommodations feature high-quality textiles, luxurious bed linens, and modern lighting, ensuring comfort and convenience for global travellers.

Improving Our Assets

The hotel also offers three Signature Suites—the Fifth Avenue Suite, The Peninsula Suite, and the Grand Suite—ranging from 1,600 to 3,000 square feet. These suites provide stunning views of Fifth Avenue and Central Park, enhancing the guest experience with exceptional amenities.

Improving Our Assets

Enhanced Food and Beverage Concepts

The newly revealed Pen Top, formerly known as Salon de Ning, is now a rooftop venue that offers breathtaking views of the city skyline. Guests can enjoy handcrafted cocktails and gourmet light bites in an indoor/outdoor setting, thanks to a newly installed operable roof. The menu features elevated classic cocktails and a curated wine selection.

Improving Our Assets

The Repulse Bay

The Repulse Bay, a sophisticated oasis on Hong Kong's Southside, unveiled a new logo, a revamped website, and physical upgrades throughout 2024, with the objective of redefining its identity while honouring its rich heritage.

Improving Our Assets

THE REPULSE BAY

A Fresh Identity

The newly designed logo reflects The Repulse Bay's century-long legacy while strengthening its connection to The Peninsula Brand.

Enhanced Digital Presence

The Repulse Bay launched a refreshed website that beautifully showcases the property's timeless elegance and exceptional services. Featuring intuitive navigation and a visually appealing design, the site enhances the online experience for guests and tenants, making it easier to explore the unique offerings of this prestigious destination.

Improving Our Assets

Physical Transformations

In addition to digital upgrades, The Repulse Bay is undergoing significant physical enhancements. Notable improvements include new landscaping at Palm Court and Spices Terrace, transforming these areas into lush gardens adorned with vibrant foliage and blooms.

Improving Our Assets

Improving Our Assets

The Arcade is set to become a boutique shopping haven, featuring a variety of lifestyle brands, trendy eateries, and offerings in art. These additions will create new gathering spots and elevate the overall experience for visitors and residents alike.

Engaging With Our Stakeholders

Engaging with and responding to our stakeholders is a key part of our overall governance and management approach. We proactively engage with a wide range of key stakeholders including employees, customers, regulators, lenders, shareholders and investors, non-governmental organisations, media and others. It is important for us to capture and understand how their views change and ultimately how we can implement improvements to the business today and in the future.

Stakeholder Group	Why and how we engage	Examples in 2024
Our Guests	Engaging with our guests and ensuring their satisfaction is critical to how we run our business. We continue to develop a best-in-class booking and e-commerce experience that drives increasing room bookings while demonstrating differentiated brand values. In particular, we supported the openings of the two new hotels with digital marketing and e-commerce efforts to reach potential guests and drive visitation. On the sales side, we continue to focus on nurturing our relationships with PenClub members (Peninsula preferred travel partner programme), engaging with top partners from the Leisure, Corporate and MICE world, organising dedicated events in priority and emerging markets as well as attending key worldwide travel tradeshows.	• In 2023, Brand Marketing launched a global advertising campaign, Peninsula Perspectives, which was placed in key media channels in target markets throughout the year. The video-led campaign features employees from our global properties showcased in the spectacular cities we call home. In 2024, Peninsula Perspectives added creative from New York, Bangkok, Tokyo. • In celebration of the openings of The Peninsula London and The Peninsula Istanbul, a new cinematic Peninsula Perspectives film was commissioned which showcases Kam Tsui, one of The Peninsula Hong Kong's iconic Pages traveling the world and visiting all of the Peninsula properties, meeting his colleagues and learning about what makes each city so special. The film debuted at The Grand Opening of The Peninsula London.

Stakeholder Group	Why and how we engage	Examples in 2024
Our Guests	Enriching the lives of our guests is important and for this reason, The Peninsula provides guests and visitors the opportunity to engage with immersive, experiential art, allowing them to create memories that they will carry for a lifetime. Through refreshed marketing collateral, content and partnerships we can present the brand in a more meaningful, relevant and engaging way. This entails not only creating continuity in our existing materials, but also using our rich history and heritage to share new stories that will elevate the brand.	• Brand Marketing continued to focus on The Peninsula Hotels' global art programme, 'Art in Resonance,' by partnering with emerging and mid-career artists from around the world to offer guests and visitors alike a truly immersive artistic experience: o Our globally recognised Art in Resonance program returned to Hong Kong during Art Week in March with the commissioning and exhibition of four original works at The Peninsula Hong Kong. Not only in Hong Kong, but around the globe, our hotel teams continue to work with and help support local artists through innovation sponsorships and marketing programs that allow our guests to engage with and be a part of cultural ecosystem in the cities in which we call home. The brand's support of the arts will continue into 2025 with a new exhibition at The Peninsula Hong Kong during Art Basel, of which we are proud sponsors. • We continued to focus on strengthening our relationships with PenClub members, our in-house preferred travel partner programme by hosting intimate in-person gatherings, cultural programmes, dinner events, and attending key worldwide travel tradeshows.

Engaging With Our Stakeholders

Stakeholder Group	Why and how we engage	Examples in 2024
Our People	As we navigate the post-pandemic landscape, talent acquisition and retention remain top priorities for us as the industry continues to grapple with workforce shortage and rising demand for flexible work arrangements and work-life effectiveness. We consistently refine our People and Culture strategies to address the ever-changing needs of the labour market. We further enhanced our talent acquisition programmes to recruit top talent, and explored best practices to reward and recognise high-performing staff. At the same time, we continue to focus on developing strong leaders, implementing mental and physical wellbeing programmes, and to improve our engagement strategies.	• We carried out our global employee experience survey and received a 91% voluntary response rate across the organisation. We are proud that nearly 90% of our employees expressed their intent to stay with the company for more than a year. • In 2024, we received 80,000 job applications as a result of our effort to attract diverse new talent to our organisation through campus recruitment, internal referrals and other targeted initiatives. • Our 12-month-long Emerging Manager Programme (EMP) saw 21 colleagues from 10 operations enhance business and operational knowledge through departmental rotations, while 14 colleagues from 11 operations are participating in the Corporate Management Training programme. • Our WorkPlace 2025 initiative, which is focused on our people, culture and empowerment, aims to create effective transformation for our teams and modernise our workplace. Over 6,100 colleagues globally now have access to our internal communications platforms, MyHSH Hub and Viva Engage, fostering global connections and ensuring awareness of the most recent happenings within the organisation. • Based on an independent review and employee members' survey, the ORSO Committee enhanced its plan and offering to members by adopting a new portfolio which entails the introduction of five new funds.

Stakeholder Group	Why and how we engage	Examples in 2024
Our Communities: Governments	Our Executive Directors and Chairman regularly meet with senior Hong Kong Government leaders and Legislative Council members to discuss areas of concern for the tourism and property sectors. Our Chief Executive Officer is a member of the World Travel & Tourism Council (WTTC) which actively engages with governments and tourism boards around the world, advocating on industry issues on behalf of members. Senior managers and department heads also represent the company at the Federation of HK Hotel Owners, American Chamber of Commerce, British Chamber of Commerce and Vision 2047 Foundation in Hong Kong.	• Engaged with Hong Kong Government departments and senior tourism officials on how to attract more leisure tourists to Hong Kong • Attended WTTC Global Summit in Perth, Australia • Membership of relevant Business Chambers, (American Chamber of Commerce, British Chamber of Commerce, HK General Chamber of Commerce, engagement with think tanks and community organisations such as Vision 2047 Foundation and the Federation of HK Hotel Owners.
Financial Analysts and Investors	Our Investor Relations team and our Executive Directors meet regularly with financial analysts and investors, as well as participate in post-results briefings and the AGM. We also engage with banks regularly to update them on our sustainability journey to unlock potentials on green loan and sustainability linked loan.	• Investor Conferences (online) • Financial reports and website • Annual General Meeting (AGM) • One-on-one meetings and conference calls • Regular briefings with research analysts
Media	The Peninsula Hotels Marketing team conducts regular press briefings and attends high profile trade shows in all our key markets as well as emerging markets. The HSH Corporate Affairs team organises press conferences with Executive Directors at annual/ interim results and individual interviews and media briefings throughout the year in Hong Kong. We host regular press groups from the world's most prestigious travel, luxury and business publications to visit the cities in which we operate.	• HSH financial results press releases, press conferences and AGM • Media engagement programmes including media lunches and briefings • Executive media interviews • New media outreach and briefings to promote Hong Kong as a destination and our two new hotels in London and Istanbul

Engaging With Our Stakeholders

Stakeholder Group	Why and how we engage	Examples in 2024
NGOs, Advocacy Groups, Charities	Our Corporate Responsibility and Sustainability team meets with non-profit organisations, academia, and industry advocacy groups regularly throughout the year to stay informed about the latest developments in sustainability issues. We contribute to the sustainability development of the wider community by sharing HSH's experience at various local and regional conferences and industry committees. We continue to participate in memberships of like-minded organisations accelerate actions to address global issues such as climate change, single-use plastics, and modern slavery. Our operations also engage with local charities to provide in-kind or monetary contributions to support social causes.	• Member of Global Tourism Plastics Initiative, Mekong Club, Cornell Hotel Sustainability Benchmarking Advisory Group, Hong Kong Sustainable Seafood Coalition, and Hong Kong General Chamber of Commerce Environment and Sustainability Committee • Climate Action Focus Group, organised by WTTC and member of Energy & Environment Alliance to address sustainability issues and develop climate action plans for the tourism and hotel industry • Responsible Luxury Initiative, organised by Business for Social Responsibility to address trending sustainability issues for the luxury sector • Participate in The University of Hong Kong's (HKU) Partnership for Sustainability Leadership in Business project to share best practices examples for their latest publication: Practical Guidebook to a Circular Economy • Corporate advisor to The Hong Kong University of Science and Technology's (HKUST), providing mentorship and real world insights to students who serve as ambassadors of the future on their Capstone project.

Stakeholder Group	Why and how we engage	Examples in 2024
Partners and Suppliers	Our partners are also key to our growth, as they help us to ensure the successful operation of our properties in their local markets. We articulate our expectations on environmental, social and ethical practices of suppliers and contractors through Supplier Code of Conduct (SCOC).	• Regular engagement with key suppliers to ensure compliance with the company's SCOC and discuss topics related to modern slavery.

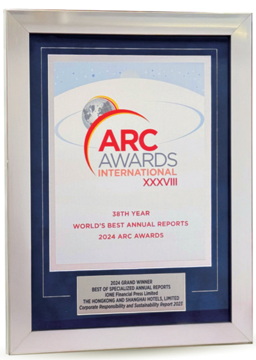
We always seek to improve on the area of stakeholder engagement and we are compiling a thorough stakeholder engagement profile for our new markets in 2024.

We encourage our stakeholders to give us feedback on our approach. Comments and enquiries can be sent to our email address at corpaffairs@peninsula.com.

Awards in 2024

Operations	Awards	Organisers
The Hongkong and Shanghai Hotels – Annual Report 2023	2024 ARC Awards, Grand Award – Specialized Annual Reports – Hong Kong SAR	MerComm, Inc.
	2024 ARC Awards, Gold Award – Feature Categories – Cover Photo/Design – Tourism – Overall Presentation – Specialized A.R. – CSR – Corporate Social Responsibility Report	MerComm, Inc.
	2024 ARC Awards, Bronze Award – Feature Categories – Chairman's/President's Letter – Tourism – Feature Categories – Photography – CSR – Corporate Social Responsibility Report	MerComm, Inc.
	2024 ARC Awards, Honor Award – Feature Categories – Cover Photo/Design – CSR – Corporate Social Responsibility Report	MerComm, Inc.
	2024 Best Corporate Governance and ESG Awards – Award in CG Awards Category (Non-Hang Seng Index (Medium Market Capitalization))	Hong Kong Institute of Certified Public Accountants
	2024 HKMA Best Annual Reports Awards – Bronze Award in "General" Category – Best Environmental, Social and Governance Reporting Award (Tourism & Hospitality)	Hong Kong Management Association
The Hongkong and Shanghai Hotels	Talent Awards 2023-2024 Hong Kong – Best Talent Acquisition Team – Gold Award	LinkedIn
The Peninsula	Journey+ The Best Hotel Awards – Luxury Hotel Group of the Year	Journey Lab
	Business Traveller Asia-Pacific Awards 2024 – Best Luxury Hotel Brand in Asia-Pacific (No.3) – Best Independent Hotel Brand (No.4)	Business Traveller
	2024 World Travel and Hotel Awards – Best Luxury Hotel Group	ULife

Operations	Awards	Organisers
The Peninsula	The Best Bang Awards – Peninsula Perspective – Best Hotel Group Marketing Case – Best Luxury Hotel Group	BANG media
	2024 Golden Awards – Golden Group Awards	National Geographic Traveller
	Sky Choice Travel Awards – Hotel Groups of the Year	CAAC Inflight Magazine
	The 10th InJoy Hotel & Travel Charts – Luxury Hotel Brand of the Year	Hotel Share
	Best Luxury Hotel Brand 2024	WITrip
The Peninsula Hong Kong	Top 10 Luxury Hotel Brands of the Year	Jiemian News
	2024 Hotel Afternoon Tea Co-branding Case of the Year – The Peninsula Afternoon Tea on the Harbour	Jiemian News
	Tatler Best 2024 – Winner of Asia's Best 100 Hotels	Tatler Hong Kong
	The Tatler Dining Awards 2024 – Gaddi's, Spring Moon and Chesa	Tatler Hong Kong
	Condé Nast Traveller Readers' Choice Awards – Best Hotels in Asia – Hong Kong (No.7)	Condé Nast Traveller (UK)
	Condé Nast Traveler Readers' Choice Awards – Top 10 hotels in Hong Kong and Macau (No.1)	Condé Nast Traveler (US)
	Cathay Members' Choice Awards 2024 – Asia's most stylish hotel	Cathay Pacific



Awards in 2024

Operations	Awards	Organisers
The Peninsula Hong Kong	Business Traveller Asia-Pacific Awards 2024 – Best Business Hotel in the World (No.1)	Business Traveller
	Top 10 The Best of the Best MasterChef recommendation restaurant 2024 – Spring Moon and Gaddi's	The Best of The Best MasterChef
	The Telegraph Hotel Awards 2024 – The World's 50 Greatest Hotels (No.4)	The Telegraph
	100 Top Tables 2024 – Gaddi's	South China Morning Post
	Best of Award of Excellence 2024 – Gaddi's	Wine Spectator
	MICHELIN Guide Hong Kong Macau 2024 – Michelin One Star – Spring Moon – Michelin One Star – Gaddi's – Michelin Selected – Chesa	Michelin Guide
	TTG China Travel Awards 2024 – Best Luxury Hotel in Hong Kong	TTG China
	Compare Retreats' Luxury Wellness Travel Awards 2024 – Fashion Hospitality Collaboration of the Year – Gold Award The Peninsula Hong Kong X Chanel festive collaboration – Sustainable Spa Collaboration of the Year – Silver Award The Peninsula Hotels X VOYA' collaboration	Compare Retreats
	Luxury Lifestyle Hotel of the Year	WITrip
	Black Pearl Restaurant Guide 2024 – Spring Moon – One Diamond	Meituan
The Peninsula Shanghai	Top 50 City Suites in the World	Elite Traveler
	Best Hotel in Asia	The Global Traveler
	Tatler Best Hotels Asia – Best City Hotels	Tatler
	Yi Long Court – Platinum Restaurant	Ctrip
	Best Luxury Hotel	WITrip
	Best Luxury Hotel	Metropolitan
	Journey+ The Best Hotel Awards – Best Luxury Hotel of The Year – Hotel Spa of the Year – Hotel Chinese Restaurant of the Year	Journey+
	Michelin One Star – Yi Long Court	Michelin Guide Shanghai 2024

Operations	Awards	Organisers
The Peninsula Shanghai	Best Luxury Hotel	ULife
	Comfort C Award – Best Landmark Hotel	Comfort
	The 21st Annual GT Tested Reader Survey Awards – Best Hotel in Asia	Global Traveler
The Peninsula Beijing	Michelin One Star Restaurant – Jing	Michelin Guide Beijing 2024
	Condé Nast Traveler Readers' Choice Awards 2024 – Condé Nast Traveler China – Best Hotels Award	Condé Nast Traveler (China)
	Condé Nast Traveler Readers' Choice Awards 2024 – Top 5 hotels in Beijing (No.2)	Condé Nast Traveler (US)
	Condé Nast Traveller Readers' Choice Awards 2024 – Top 10 in the Best Hotels in Asia-China	Condé Nast Traveller (UK)
	Spa China Wellness & Spa Awards 2024 – Grand Jury Awards	Spa China magazine
	19th Golden Awards 2024 – Luxury Hotel of the Year	National Geographic Traveler
	2024 China's Top 100 Hotel	Travel +Leisure
	Sky Choice Travel Awards 2024 – Luxury Hotel of the Year	CAAC Inflight Magazine
	The Best BANG! Awards 2024 – Best Luxury Hotel of the Year – Best Distinguished Luxury Shopping Center	BANG media
	2024 The Bund Design Hotels Awards – Best Landmark Hotel	The Bund D.E.S.I.G.N. Hotels magazine
	Golden Phoenix Tree China Restaurant 2024 – One Star – Jing	Ifeng.com
	Journey+ The Best Hotel Awards – Landmark Hotel of the Year – Hotel Manager of the Year	Journey Lab
	2024 TimeOut Food & Bars Awards – Cantonese Restaurant of the Year – Huang Ting	Time Out Beijing
The Peninsula Tokyo	Wine Spectator: Best of Award of Excellence – Peter	Wine Spectator
The Peninsula London	Super Prime Property of the Year Award – The Peninsula London Residences	Spears Wealth Magazine
	Top 1,000 Restaurants 2025 – Brooklands by Claude Bosi	La Liste

Awards in 2024

Operations	Awards	Organisers
The Peninsula London	Best Hotel in Europe	Global Traveler
	Best Wine-by-the-Glass List (with Coravin®) Brooklands by Claude Bosi	World of Fine Wine
	Best Wine by the Glass Award Brooklands by Claude Bosi	World of Wine
	It List 2024 – 100 Best New Hotels: Most Luxurious New Hotels of The Year	Travel + Leisure
	Best Hotels 2024	AFAR
	The National Restaurant Awards 2024 – Top 100 Restaurants – Brooklands by Claude Bosi	National Restaurant Awards
	2024 Hot List – The Best New Hotels in Europe	Condé Nast Traveller
	T&C Hotel Awards 2024 – The Best New Hotels	Town & Country
	Europe's Leading New Hotel	World Travel Awards (EU)
	2024 World Travel and Hotel Awards – Most Anticipated New Hotel Opening	ULife
	New Lifestyle Hotel of the Year	WITrip
	Sky Choice Travel Awards – Luxury Hotel of the Year	CAAC
	The 21st Annual GT Tested Reader Survey Awards – Best Hotel in Europe	Global Traveler
	Michelin Two Stars – Brooklands by Claude Bosi	Michelin Guide (UK)
The Peninsula Paris	The Best Bang Awards – Destination Luxury Hotel of the Year	BANG media
	Michelin Two Stars – L'Oiseau Blanc	Michelin Guide
	Comfort C Award – Best Luxury Hotel	Comfort

Operations	Awards	Organisers
The Peninsula Istanbul	Hotel Inspector Awards – Best New Hotels of 2024	Hotel Inspectors
	"Excellent Table" – Three Hats – GALLADA "Gourmand Table Bar" – One Hat – Topside Bar	Gault & Millau
	Top 100 Suites in the World – The Peninsula Suite	Elite Traveler
	Michelin Recommended List 2024 – GALLADA and Topside Bar	Michelin Guide
	Andrew Harper Editors' Choice Award – Hotels of the Year & Best Spa	Andrew Harper
	The Best New Hotel Spas in the World 2024	Condé Nast Traveller
	World's 50 Best 2024 – One to Watch Award	50 Best
	Travel + Leisure World's Best Awards 2024 – Best Hotels in Europe (No.1) – Best Hotels in Istanbul (No.1)	Travel + Leisure
	2024 Hot LIst – The Best New Hotels in Europe	Condé Nast Traveller
	Modern Luxury Travel Awards 2024 – Best New Hotel	Modern Luxury Travel
	City Landmark Hotel of the Year	WITrip
	Comfort C Award – Best Gourmet Hotel	Comfort
	Best New Hotels of 2024	AFAR
The Peninsula New York	The Best Hotels in New York	Elite Traveler
	AAA Five Diamond Hotels 2024	Automobile Association of America (AAA)
The Peninsula Chicago	World's Best Awards 2024 – Best Hotels in Chicago (No.2)	Travel + Leisure
	AAA Five Diamond Hotels 2024	Automobile Association of America (AAA)
	Top 50 Cocktail Bars in the World - Z Bar (No.30)	Mandoe Media
The Peninsula Beverly Hills	The 21st Annual GT Tested Reader Survey Awards – Best Hotel in the United States (No.1)	Global Traveler
	Esquire's Hotel Hall of Fame	Esquire
	Organic Spa Magazine Wellness Travel Awards – Best Vegan/Vegetarian	Organic Spa Magazine

Awards in 2024

Operations	Awards	Organisers
The Peninsula Beverly Hills	Travel Curator's Very Best Awards – The Very Best White-Glove Hotel Service in the World	Travel Curator
	Wine Spectator Restaurant Awards – The Belvedere	Wine Spectator Restaurant Awards
	AAA Five Diamond Hotels 2024	Automobile Association of America (AAA)
	2024 U.S. News & World Report Best Hotels Rankings – Best Hotels in Los Angeles (No.3)	U.S. News & World Report
	The Los Angeles 2024 Travel Awards – Best Classic Beverly Hills Glamour	Modern Luxury Angeleno
The Peninsula Bangkok	Readers' Choice Awards 2024 – Top 10 Hotels in Bangkok	Condé Nast Traveller
	AMCHAM Corporate Social Impact Award 2024 – Sustainable Business Practices and Corporate Social Impact Programming	AMCHAM Thailand
	HELLO! Taste Awards 2024 – Mei Jiang – Best Chinese Restaurant	HELLO! Magazine
	Thailand's Favourite Restaurant 2024 – Mei Jiang	KOKTAIL magazine
	Sky Choice Travel Awards – Luxury Hotel of the Year	CAAC
The Peninsula Manila	Business Traveller Asia-Pacific Awards 2024 – Best Business Hotel in Manila (No.1)	Business Traveller
The Landmark Vietnam	Golden Dragon Awards 2024 – Outstanding International Serviced Apartment & Office Complex 2023-2024	The Vietnam Economic Times
Peninsula Merchandising Limited	Best-ever Dining Award 2024 – Must Go Dating Venue – The Peninsula Boutique & Café	Weekend Weekly

Tribute to Mr Clement Kwok and Mr Peter Borer

2024 was a year of significant leadership transition, with the retirement of Clement Kwok as CEO in October 2024 after almost 23 years of service and Peter Borer as Chief Operating Officer in July 2024 after 43 years with the group. On behalf of the Board, we thank them for their extraordinary contributions to our company.

Farewell!

Tribute to Mr Clement Kwok and Mr Peter Borer

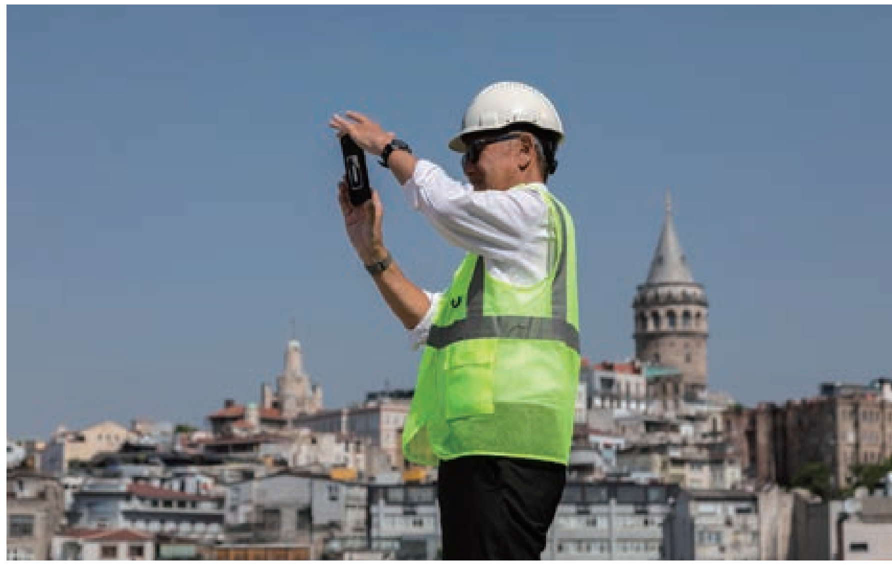
CLEMENT KWOK

Mr Kwok joined the group in 2002 and will be remembered for leading the company through a period of strong development and many achievements, as well as navigating successfully through difficult challenges such as SARS, COVID-19, financial crises and social unrest.

As CEO, he grew the Peninsula hotel portfolio from seven to 12, having led the company through the developments of The Peninsula Tokyo, The Peninsula Shanghai, The Peninsula Paris, The Peninsula Istanbul and The Peninsula London, as well as The Peninsula London Residences. He oversaw significant renovations of The Peak Tram and Peak Tower and complete transformations of The Peninsula Chicago, The Peninsula Beijing and The Peninsula Manila, as well as major renovations of other hotels including The Peninsula Hong Kong, The Peninsula New York and The Peninsula Beverly Hills.

Clement

SEPTEMBER 30, 2013



Tribute to Mr Clement Kwok and Mr Peter Borer

PETER BORER

Mr Borer's long career with the group has been extraordinary. He first joined the group in 1981 as Food and Beverage Manager of The Peninsula Manila.

In 1985 he was promoted to Director of Sales & Marketing at the company's head office and by 1990, after several promotions, had risen to the post of Senior Vice President, The Peninsula Hotels. In this capacity, he was responsible for planning the renovation of The Peninsula Hong Kong and the construction of The Peninsula Office Tower extension which opened in 1994. In 1994 he returned to operations as General Manager of The Peninsula Hong Kong.

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Giorgio Bongulielmi, general manager of The Manila Peninsula announced the recent appointment of Peter C. Borer as the hotel's new Food & Beverage Manager. Mr. Borer, who hails from Switzerland brings to his new job a wealth of experience drawn from various stints with prestigious hotels in Europe and the United States. A graduate of Ecole Hoteliere SSH Lausanne and Cornell University, Mr. Borer replaces Mr. Niklaus Leuenberger who will assume the position of resident manager for The Peninsula Group's new Marco Polo hotel in Kowloon.

In April 2004, he was appointed Executive Director and Chief Operating Officer of the group. Mr Borer's dedication to service excellence is unsurpassed. He has led the stylistic direction of the brand and has been instrumental in the opening of many of the group's hotels. Mr Borer has served as an inspiration and a mentor to future generations of hospitality professionals that are leading the way at our company and others in the industry.

Tribute to Mr Clement Kwok and Mr Peter Borer

Governance

Chief Corporate and Governance Officer's Introduction

> "Our governance framework strives to ensure responsible decision-making and sustainable growth through integrity, accountability, and transparency."

Dear Shareholders,

I am pleased to present this Corporate Governance Report, which outlines our commitment to high levels of governance, acting with integrity, and practicing accountability in our business operations. We aim to inspire trust and confidence among shareholders and stakeholders.

Leadership transition

2024 has been an exceptional year of significant leadership transition for the first time in two decades. Of particular note, we appointed the new Chief Financial Officer and the new Chief Operating Officer. I myself took up the role of Interim Chief Executive Officer from 1 November 2024 until 2 March 2025. In the first quarter of 2025, the new Deputy Chairman and the new Chief Executive Officer assumed their positions. These and other changes have brought more diverse expertise with an aim to review our strategic direction and strengthen our operational effectiveness. The second half of 2024 up to now has been focused on on-boarding and allowing all new Executive Directors to settle into their roles. Further details regarding the changes made to our Board, senior management and committees can be found in the "2024 in a Nutshell" section. The focus of the year has been on settling in the transition and stabilising the business.

Connecting with our people, sharing our knowledge

In 2024, during a period of transition, we felt that internal communication and transparency were key. These included restructuring our monthly meetings attended by our global heads of functions and Managing Directors of operations from a reporting forum to a discussion forum where salient topics affecting the group and new initiatives and future strategies are shared. We have also held a series of townhall meetings to give all of our employees worldwide the opportunity to put questions directly to the Executive Directors and the newly appointed Deputy Chairman. We intend to continue those practices as they were well received by our people.

Sustainability

Climate change and other sustainability risks continue to shape market expectations and legislation, posing physical and financial risks to businesses. We reviewed our sustainability materiality list using a "double materiality" approach to address the impact our activities may have on the environment and our communities, and the financial impact such activities may have on the company.

We conducted a board-level stakeholder engagement exercise, to facilitate discussion with Directors around the sustainability issues which have the greatest impact on the company, both from a financial and a non-financial perspective. The group's decarbonisation roadmap and workplan was also discussed.

Given the role of the Board in determining long-term success and driving sustainable growth of the group, we continue to enhance their knowledge and further embed sustainability into our key business strategies.

Governance beyond compliance

Corporate governance is a core discipline for our success and crucial in navigating the uncertainty of today's world with agility and resilience. We consistently strive to enhance our governance processes with best practice standards. We are also working towards ensuring compliance with the amended Listing Rules coming into effect on 1 July 2025.

A particular focus in 2024 was in relation to our speak up reporting channels, where we have made a key enhancement with the launch of a new online portal called "React, Report, Respect", which is available in over 40 languages. Since the launch of this new portal, the number of reported cases has increased, and valid cases have been addressed appropriately.

Looking forward

In 2025, we will conduct an evaluation of Board structure, including a review of the functions and composition of our Board committees, to ensure our Board framework meets our present challenges. We will also organise a strategic leadership meeting to align our strategic objectives with the evolving landscape of our industry.

Christobelle Liao
31 March 2025

2024 in a Nutshell

Board, Senior Management and Committees Changes

- Ms Ming Chen was appointed as Chief Property Development Officer and a member of the Group Management Board on 1 January 2024.
- Mr Keith Robertson was appointed as an Executive Director and Chief Financial Officer, and a member of the Finance Committee on 29 January 2024.
- Mr John Leigh retired as a Non-Executive Director on 8 May 2024.
- Mr Peter Borer was re-designated as a Non-Executive Director and became a Senior Advisor to the Chairman for a term of two years from 1 August 2024, following his retirement as an Executive Director and Chief Operating Officer on 31 July 2024.
- Mr Gareth Roberts succeeded Mr Borer as an Executive Director and Chief Operating Officer on 1 August 2024. He had previously assumed the role of the Deputy Chief Operating Officer from 1 January 2024.
- Mr Michael Garcia was appointed as Chief Information Officer and a member of the Group Management Board on 30 August 2024.
- Mr Till Lembke was appointed as Company Secretary succeeding Ms Christobelle Liao on 1 September 2024.
- Mr Diego González Morales was appointed as a member of the Finance Committee on 26 September 2024.
- Mr Clement Kwok retired from his role as Managing Director and Chief Executive Officer on 31 October 2024 and continues to serve as an Executive Director and an Advisor to the CEO until 7 May 2025.
- Ms Christobelle Liao, Executive Director and Chief Corporate and Governance Officer, was appointed as Interim Chief Executive Officer with effect from 1 November 2024 until 2 March 2025. She also became a member of the Executive Committee and Finance Committee during this period.
- Mr Philip Kadoorie was appointed as Deputy Chairman of the Board succeeding Mr Andrew Brandler with effect from 1 January 2025. Mr Kadoorie also became an Executive Committee member on the same date.
- In October 2024, we announced the appointment of Mr Benjamin Vuchot as an Executive Director and Chief Executive Officer, and a member of the Executive Committee, Finance Committee and Group Management Board with effect from 3 March 2025.

Internal Control Governance

- We enhanced our reporting channels by launching a new online Speak Up portal called "React, Report, Respect", empowering all HSH employees, suppliers, and stakeholders to voice concerns confidentially and effectively. The portal is accessible 24/7 and available in over 40 languages.
- Cybersecurity and data privacy trainings continue to be mandatory and were a particular focus throughout 2024, with additional simulated phishing emails and testing conducted. The trainings target understanding of social engineering threats, relevant warning signs and appropriate actions. On the privacy side, the training focuses on employees' responsibilities to protect personal information, identify privacy risks, and reinforce the group's commitment to data privacy.

Culture and Communications

- We conducted our global online employee experience survey, "Your Voice, Our Compass" to gather valuable insights, assess employee engagement, and enhance our workplace culture.
- We restructured the format of the monthly meetings from reporting to a discussion forum where salient topics affecting the group and new initiatives and future strategies are shared.
- A series of townhall meetings with our Executive Directors and the new Deputy Chairman updated our employees around the world on the current business environment and future goals, and provided opportunities to our employees to directly engage and ask questions to top management.
- We launched our first chatbot with generative AI capability, "MyHSH Policy Bot". This enables our colleagues to use natural language to ask questions about our global policies. The responses are instant and include references to the relevant policy along with the corresponding page number.
- We rolled out "HSH Masterclass" videos to help employees develop new skillsets and gain insights on industry, governance, and financial issues.
- We issued monthly technology updates to Heads of Operations and Function Heads, providing snapshots of technology project progress, IT compliance rankings, and IT tips.
- We adopted balanced scorecards for 2025 as a performance metric to align and track each operation and Head Office KPIs, under the four key focuses of financial and strategy, operation and efficiency, customer and brand and people and *Vision 2030*. These focuses are fundamentally the integrity of how we wish to run our business.

Our Leadership – Board Members

Non-Executive Chairman

The Hon. Sir Michael Kadoorie N E

Age: 83 Appointed: 12 November 1964

Term of office: 11 May 2022 (re-elected) to 2025 AGM

Key strengths and experience

Sir Michael was appointed as Chairman in 1985. He holds board-level positions in one other listed company as well as directorships in private companies. With decades of international experience in different sectors including infrastructure, utilities, property and retail, Sir Michael has extensive knowledge of the hospitality and real estate sectors, a deep understanding of the environment in which the company operates, and a comprehensive appreciation of investor sentiment.

Titles, qualifications and education

GBS, Hon. LLD, Hon. DSc, Commandeur de la Légion d'Honneur, Commandeur de l'Ordre des Arts et des Lettres, Commandeur de l'Ordre de la Couronne, Commandeur de l'Ordre de Leopold II

Other major offices

CLP Holdings Limited# (Non-Executive Chairman and Member of Nomination Committee)
CK Hutchison Holdings Limited# (Independent Non-Executive Director) (until December 2022)
Sir Elly Kadoorie & Sons Limited* (Director)

Other information

Substantial shareholder of the company
Director of two of the group's entities
Father of Philip Lawrence Kadoorie
Father-in-law of Diego Alejandro González Morales
Brother-in-law of Ronald James McAulay

Governance Board Committees

A — Audit Committee
N — Nomination Committee
R — Remuneration Committee
● — Chairman of the Committee

Other Board Committees

E — Executive Committee
F — Finance Committee
● — Chairman of the Committee

\# *The securities of these companies are currently listed on the Hong Kong Stock Exchange*

* *Sir Elly Kadoorie & Sons Limited oversees a number of Kadoorie family interests in Hong Kong and overseas and, as such, is associated with the substantial shareholders of the company*

Non-Executive Deputy Chairman

Philip Lawrence Kadoorie Ⓔ

Age: 33 Appointed: 1 December 2017

Term of office: 8 May 2024 (re-elected) to 2027 AGM

Key strengths and experience

Mr Kadoorie oversees a number of Kadoorie family interests in Hong Kong and overseas. Prior to his appointment to the Board, Mr Kadoorie completed various internships in commercial property companies in London and at the CLP Group in Hong Kong. He holds other Board positions and has developed strong expertise in the property sector. Mr Kadoorie was appointed as Deputy Chairman of the Board succeeding Mr Brandler with effect from 1 January 2025.

Titles, qualifications and education

BSc in Communication, Boston University
FAA Commercial Pilot's License

Other major offices

CLP Holdings Limited# (Non-Executive Director and Member of Finance & General Committee and Sustainability Committee)
CK Hutchison Holdings Limited# (Independent Non-Executive Director)
Sir Elly Kadoorie & Sons Limited* (Director)

Other information

Son of The Hon. Sir Michael Kadoorie
Brother-in-law of Diego Alejandro González Morales
Nephew of Ronald James McAulay

Executive Directors

Benjamin Julien Arthur Vuchot Ⓔ Ⓕ

Chief Executive Officer

Age: 52 Appointed: 3 March 2025

Term of office: 3 March 2025 to 2025 AGM

Key strengths and experience

Mr Vuchot has over 30 years' experience in the luxury retail business with two global leading groups, Richemont and LVMH. He brings extensive experience in driving business growth and expansion through innovative strategies and initiatives. Mr Vuchot began his career at Cartier in Sales and Marketing in Hong Kong and Singapore, later becoming Far East Communications Director. In 2002, he worked as Managing Director and President Asia Pacific at Van Cleef & Arpels. These brands are both owned by the Richemont Group. In 2011, he first joined DFS Group as Managing Director and Regional President, North Asia, Hong Kong and held this position until 2017. He was appointed as President of Asia Pacific for cosmetic and fragrance retailer Sephora before rejoining DFS Group in 2020 to become Chairman and CEO. Both DFS Group and Sephora are subsidiaries of LVMH Group.

Titles, qualifications and education

Bachelor of Business Administration in International Business and Marketing, ESSEC Business School, France

Other information

Director of certain entities of the group

Our Leadership – Board Members

Christobelle Yi Ching Liao
Chief Corporate and Governance Officer

Age: 56 Appointed: 4 August 2023

Term of office: 8 May 2024 (re-elected) to 2027 AGM

Key strengths and experience

Ms Liao joined the group as Company Secretary and General Counsel in 2002. She was appointed to the Group Management Board in 2011 and was promoted to Group Director, Corporate and Legal in 2013 while retaining the position of Company Secretary. Over the years, she has expanded to a much broader role overseeing the group corporate functions including group insurances, risk management and corporate governance as well as the group's investment in Istanbul and organisational development strategies. In her role as Executive Director, she takes on additional responsibilities overseeing the Projects Group and the Group Corporate Responsibility and Sustainability function. As of 31 August 2024, she resigned as Company Secretary and was appointed as Interim Chief Executive Officer with effect from 1 November 2024 until 2 March 2025.

Titles, qualifications and education

Bachelor of Laws, London School of Economics and Political Science

Qualified Solicitor of Hong Kong and England & Wales

Other information

Director of certain entities of the group

Keith James Robertson Ⓕ
Chief Financial Officer

Age: 57 Appointed: 29 January 2024

Term of office: 8 May 2024 (re-elected) to 2027 AGM

Key strengths and experience

Mr Robertson has over 30 years of all-round finance experience in auditing, financial controlling, corporate finance, project finance, international tax planning, statutory reporting, mergers and acquisitions and investor relations. He joined Destinations Development Company (a subsidiary company of The Public Investment Fund of Saudi Arabia) as Chief Financial Officer in 2021, and prior to that, he worked for Kingdom Hotel Investments, Dubai, United Arab Emirates where he held senior positions and most recently as Executive Vice President, Chief Financial Officer and Head of Mergers & Acquisitions. Prior to that, he was the Senior Vice President Global Finance of Kempinski Hotels SA, Geneva, Switzerland and he also worked for professional accounting and audit firms such as Deloitte, Ernst & Young and HLB Kidsons in different countries.

Titles, qualifications and education

BA (Hon) in Economics and Economic History, University of Leicester

Fellow of the Institute of Chartered Accountants in England and Wales

Other information

Director of certain entities of the group

Gareth Owen Roberts

Chief Operating Officer

Age: 43 Appointed: 1 August 2024

Term of office: 1 August 2024 to 2025 AGM

Key strengths and experience

Mr Roberts joined the group in 2002 at The Peninsula Beverly Hills. He relocated to China in 2013 as Hotel Manager of The Peninsula Shanghai. In 2015, he transferred to HSH Head Office where he was promoted to Group General Manager, Operations Planning and Support in November 2016 and Group Director, Brand and Operations Support in July 2020. On 1 January 2024, he took on additional responsibilities in the role of Deputy Chief Operating Officer, assuming various duties under the mentorship of then-Chief Operating Officer Peter Borer. Mr Roberts succeeded Mr Borer as Executive Director and Chief Operating Officer of the company on 1 August 2024.

Titles, qualifications and education

Bachelor of Science in Hotel Administration, University of Nevada, Las Vegas

Other information

Director of certain entities of the group

Clement King Man Kwok

Age: 65 Appointed: 1 February 2002

Term of office: 10 May 2023 (re-elected) to 2025 AGM

Key strengths and experience

Mr Kwok has over two decades of hospitality and real estate experience as the Managing Director and Chief Executive Officer of the company, as well as board and committee experience for other listed entities.

Mr Kwok's prior experience was in accounting, investment banking, and corporate and financial management. After qualifying as a Chartered Accountant with Price Waterhouse London in 1983, he had over 10 years of investment banking experience with Barclays de Zoete Wedd in London and Schroders Asia in Hong Kong, where he was appointed as Head of Corporate Finance in 1991.

Mr Kwok then served as Finance Director of the MTR Corporation from 1996 to 2002. On 31 October 2024, Mr Kwok stepped down as the Managing Director and Chief Executive Officer of the company while remaining on the Board as an Executive Director and Advisor to the CEO until the conclusion of the 2025 Annual General Meeting on 7 May 2025.

Titles, qualifications and education

Chevalier dans l'Ordre National de la Légion d'Honneur

Fellow of the Institute of Chartered Accountants in England and Wales

Fellow of the Hong Kong Institute of Certified Public Accountants

BSc in Economics, London School of Economics

Other major offices

Chen Hsong Holdings Limited# (Independent Non-Executive Director and Member of Audit Committee, Nomination Committee and Corporate Governance Committee)

Hang Seng Bank Limited# (Independent Non-Executive Director and Chairman of Audit Committee)

World Travel & Tourism Council (Council Member)

Faculty of Business and Economics of The University of Hong Kong (Member of International Advisory Council)

School of Hotel and Tourism Management of The Chinese University of Hong Kong (Chairperson of the Advisory Committee on Hotel and Tourism Management)

Our Leadership – Board Members

Non-Executive Directors

Nicholas Timothy James Colfer

Age: 65 Appointed: 18 May 2006

Term of office: 8 May 2024 (re-elected) to 2027 AGM

Key strengths and experience

Mr Colfer has over 40 years of experience in corporate management in the Asia Pacific region, principally in real estate, manufacturing and distribution. His tenure on the Board has provided Mr Colfer with a deep understanding of the group's business and the wider industry environment in which it operates. This, combined with his board-level experience in several other Hong Kong organisations, enables him to provide constructive leadership and support to the Board and wider management team.

Titles, qualifications and education

BA and MA, University of Oxford

Other major offices

Tai Ping Carpets International Limited# (Non-Executive Chairman and Chairman of the Executive Committee and Nomination Committee)
Nanyang Holdings Limited# (Independent Non-Executive Chairman, Chairman of Nomination Committee and Member of Audit Committee and Remuneration Committee)
Sir Elly Kadoorie & Sons Limited* (Director)

Other information

Director of the group's entities

Andrew Clifford Winawer Brandler Ⓐ Ⓡ Ⓔ Ⓕ

Age: 68 Appointed: 12 May 2014

Term of office: 10 May 2023 (re-elected) to 2026 AGM

Key strengths and experience

Mr Brandler served as the Deputy Chairman from 2014 until December 2024. He has diverse board and committee senior leadership experience. He has served as Group Managing Director and Chief Executive Officer of CLP Holdings Limited, in addition to serving on listed company boards in the infrastructure, manufacturing, and real estate sectors.
Mr Brandler has a background in banking, finance and investment with corporate finance expertise spanning the UK, Singapore and Hong Kong during his tenure at UK investment bank Schroders.

Titles, qualifications and education

Member of the Institute of Chartered Accountants in England and Wales
BA and MA, University of Cambridge
MBA, Harvard Business School

Other major offices

CLP Holdings Limited# (Non-Executive Vice Chairman, Chairman of Finance & General Committee and Member of Human Resources & Remuneration Committee and Sustainability Committee)
Tai Ping Carpets International Limited# (Non-Executive Director) (until December 2023)
MTR Corporation# (Independent Non-Executive Director, Chairman of Finance & Investment Committee and Member of Audit & Risk Committee)
Sir Elly Kadoorie & Sons Limited* (Chairman)

Other information

Director of two of the group's entities

James Lindsay Lewis

Age: 50 Appointed: 1 December 2017

Term of office: 8 May 2024 (re-elected) to 2027 AGM

Key strengths and experience

Mr Lewis has extensive experience in private equity, hospitality, aviation, real estate and the philanthropy sector. He has served and serves on a number of boards as an executive and non-executive director in Hong Kong and has experience in managing transformation and business projects, leading operations optimisation and supporting people and cultural change initiatives.

Mr Lewis' entrepreneurial and operations insight enables him to support the Board by driving strategy through execution and from vision to value.

Titles, qualifications and education

Executive MBA program, Kellogg-HKUST
Master of Aviation Management, The University of Newcastle, Australia
Certification of Hospitality Management, Cornell University, U.S.A.
Member of The Society of Trust and Estate Practitioners
Fellow of the Institute of Directors in UK as a Chartered Director

Other major offices

Sir Elly Kadoorie & Sons Limited* (Director)

Diego Alejandro González Morales Ⓕ

Age: 41 Appointed: 31 March 2023

Term of office: 10 May 2023 (re-elected) to 2026 AGM

Key strengths and experience

Mr González Morales has broad, cross-functional corporate expertise spanning the financial services, healthcare, energy, and entertainment industries. He was previously VP, Private Equity at CLSA Capital Partners in Hong Kong. He started his career with General Electric as a graduate of GE's Financial Management Program. He then took on various corporate roles including internal audit and controls, investigations, compliance and M&A across GE's industrial businesses, GE Capital and NBC Universal.

Titles, qualifications and education

Bachelor of Engineering and MSc, EPF Ecole d'ingénieurs, France
Certification of International Business, Universidad Pontificia Comillas de Madrid, Spain
MBA, IESE Business School in Barcelona, Spain

Other major offices

CLP Holdings Limited# (Non-Executive Director and Member of Finance & General Committee)
Sir Elly Kadoorie & Sons Limited* (Director)

Other information

Director of one of the group's entities
Son-in-law of The Hon. Sir Michael Kadoorie
Brother-in-law of Philip Lawrence Kadoorie

Our Leadership – Board Members

Peter Camille Borer

Age: 71 Appointed: 15 April 2004

Term of office: 11 May 2022 (re-elected) to 2025 AGM

Key strengths and experience

Mr Borer joined the group in 1981 and has been responsible for developing the group's high standards of customer service and operational excellence. Following various operational roles, he was appointed General Manager of The Peninsula Hong Kong in 1994, taking on additional regional responsibility for the group's Asia hotel portfolio in 1999. Mr Borer was appointed as Chief Operating Officer in April 2004 until July 2024. On 1 August 2024, he was re-designated from Executive Director to Non-Executive Director of the company and became a Senior Advisor to the Chairman for a term of two years.

Titles, qualifications and education

Chevalier dans l'Ordre National de la Légion d'Honneur
Chevalier dans l'Ordre du Mérite Agricole
Graduated from Ecole hôtelière de Lausanne, Switzerland

Other major offices

School of Hotel and Tourism Management of The Chinese University of Hong Kong (Advisory Board Member)
Gleneagles Hospital Hong Kong (Advisory Council Member)

Other information

Alumni Network of Ecole hôtelière de Lausanne (Lifetime Achievement Award)

Independent Non-Executive Directors

Dr the Hon. Sir David Kwok Po Li N

Age: 86 Appointed: 19 October 1987

Term of office: 8 May 2024 (re-elected) to 2027 AGM

Key strengths and experience

Sir David is a prominent Hong Kong banker, and has held senior executive level or Board positions at various pre-eminent Hong Kong and overseas companies. Sir David's rich and varied experience enables him to bring a unique viewpoint to the Board. His expertise in multiple sectors provides a diverse skillset covering the entire spectrum of the group's business.

Titles, qualifications and education

GBM, GBS, OBE, JP, MA Cantab. (Economics & Law), Hon. LLD (Cantab), Hon. DSc. (Imperial), Hon. LLD (Warwick), Hon. DBA (Edinburgh Napier), Hon. D.Hum. Litt. (Trinity, USA), Hon. LLD (Hong Kong), Hon. DSocSc (Lingnan), Hon. DLitt (Macquarie), Hon. DSocSc (CUHK), FCA, FCPA, FCPA (Aust.), FCIB, FHKIB, FBCS, CITP, Officier de l'Ordre de la Couronne, Grand Officer of the Order of the Star of Italian Solidarity, The Order of the Rising Sun, Gold Rays with Neck Ribbon, Commandeur dans l'Ordre National de la Légion d'Honneur, Fellow of the Hong Kong Academy of Finance

Other major offices

The Bank of East Asia, Limited[#] (Executive Chairman and Member of Nomination Committee)
The Hong Kong and China Gas Company Limited[#] (Independent Non-Executive Director, Chairman of Board Audit and Risk Committee and Remuneration Committee and Member of Nomination Committee)
San Miguel Brewery Hong Kong Limited[#] (Independent Non-Executive Director, Chairman of Audit Committee and Member of Nomination Committee and Remuneration Committee)
Vitasoy International Holdings Limited[#] (Independent Non-Executive Director) (until August 2024)
The Friends of Cambridge University in Hong Kong Limited (Founding Chairman)
The Salvation Army, Hong Kong and Macau Territory (Advisory Board Chairman)
St. James' Settlement (Executive Committee Chairman)
Council of the Treasury Markets Association (Member)

Patrick Blackwell Paul, CBE A R

Age: 77 Appointed: 26 February 2004

Term of office: 11 May 2022 (re-elected) to 2025 AGM

Key strengths and experience

Mr Paul is an experienced independent non-executive director, and the Chairman of the Audit and Remuneration Committees. He brings many years of leadership experience, having been senior partner at PwC in Hong Kong. His finance, accounting and tax expertise enables him to provide key strategic guidance to the company in its financial reviews, risk management, compliance and internal control framework.

Titles, qualifications and education

CBE
Fellow of the Institute of Chartered Accountants in England and Wales

Other major offices

Johnson Electric Holdings Limited# (Independent Non-Executive Director, Chairman of Audit Committee and Member of Nomination and Corporate Governance Committee)

Pierre Roger Boppe

Age: 77 Appointed: 1 May 1996

Term of office: 10 May 2023 (re-elected) to 2026 AGM

Key strengths and experience

Mr Boppe has a deep understanding of the group's business as he served as the Managing Director and Chief Executive Officer of the company from 1996 until 2002. He was re-designated from being a Non-Executive Director to an Independent Non-Executive Director in 2009. Mr Boppe continues to bring value to the Board through his wide spectrum of expertise and experience in the hotel and travel industries.

Titles, qualifications and education

Chevalier dans l'Ordre National de la Légion d'Honneur
MSc, Swiss Federal Institute of Technology
MSc, Stanford University

Dr William Kwok Lun Fung, SBS, OBE, JP N

Age: 76 Appointed: 3 January 2011

Term of office: 10 May 2023 (re-elected) to 2026 AGM

Key strengths and experience

Dr Fung has diversified industry experience, and has provided valuable insight and advice to the Board since his appointment in 2011. In particular, Dr Fung's strong retail background, including his previous role as the Group Chairman at Li & Fung Limited, has enabled him to offer insight on luxury retail and the group's investment in Türkiye, in addition to general management and risk management matters. Dr Fung was a Hong Kong SAR delegate to the Chinese People's Political Consultative Conference from 1998 to 2003.

Titles, qualifications and education

SBS, OBE, JP
BSc in Engineering, Princeton University
MBA, Harvard Graduate School of Business
Honorary Doctorate of Business Administration, The Hong Kong University of Science and Technology
Honorary Doctorate of Business Administration, The Hong Kong Polytechnic University
Honorary Doctorate of Business Administration, Hong Kong Baptist University
Honorary Doctorate of Letters, Wawasan Open University of Malaysia

Other major offices

Fung Group (Group Deputy Chairman)
Convenience Retail Asia Limited# (Non-Executive Chairman, Chairman of Nomination Committee and Member of Remuneration Committee)
VTech Holdings Limited# (Independent Non-Executive Director, Chairman of Nomination Committee and Member of Audit Committee and Remuneration Committee)
Sun Hung Kai Properties Limited# (Independent Non-Executive Director)

Our Leadership – Board Members

Dr Rosanna Yick Ming Wong, DBE, JP ®

Age: 72 Appointed: 1 February 2013

Term of office: 11 May 2022 (re-elected) to 2025 AGM

Key strengths and experience

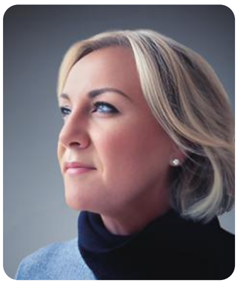
Dr Wong provides invaluable and independent advice to the Board, with over three decades of experience in the political and non-profit arenas, in addition to holding several Board positions in the private sector. She is particularly skilled in public sector, project management, change and risk management. Since her appointment in 2013, Dr Wong has provided significant contributions to the Board through her multi-faceted business background. Dr Wong was a Member of the National Committee of the Chinese People's Political Consultative Conference from 2003 to 2023.

Titles, qualifications and education

DBE, JP
PhD in Sociology, University of California, Davis
Honorary Doctorate from The Chinese University of Hong Kong
Honorary Doctorate from The Hong Kong Polytechnic University
Honorary Doctorate from The University of Hong Kong
Honorary Doctorate from The Hong Kong Institute of Education
Honorary Doctorate from The University of Toronto
Honorary Fellow of the London School of Economics and Political Science

Other major offices

CK Asset Holdings Limited# (Independent Non-Executive Director and Member of Audit Committee and Nomination Committee)
CK Hutchison Holdings Limited# (Independent Non-Executive Director) (until May 2024)
Hutchison Telecommunications Hong Kong Holdings Limited# (Independent Non-Executive Director) (until May 2024)
The Hong Kong Jockey Club (Honorary Steward)
World Vision Hong Kong (Honorary Chairman)
The Hong Kong Federation of Youth Groups (Senior Advisor)
Asia International School Limited (Chairman)



Dr Kim Lesley Winser, OBE

Age: 66 Appointed: 1 January 2016

Term of office: 11 May 2022 (re-elected) to 2025 AGM

Key strengths and experience

Dr Winser has a wide range of expertise and experience in e-commerce, luxury retail and international business. Her career has encompassed various executive roles in the consumer, digital and retail industries. She began her career with Marks & Spencer plc in the UK and became its youngest commercial divisional board director.

She went on to successfully deliver turnarounds for the iconic British heritage brands Pringle of Scotland and Aquascutum as President and Chief Executive Officer, additionally served as special board advisor to the global digital e-commerce business Net-a-Porter.

Dr Winser holds an independent advisory role in Spora Biotech, a company in Chile developing mushroom mycelium into planet friendly fabrics, and is a director of FSU, an Australian based fitness company. She is also an advisor to Rosenthal & Rosenthal, a privately held factor and finance company in the U.S.A.

Titles, qualifications and education

OBE, Order of the British Empire
Doctorate from Heriot-Watt University for her work on British business

Other information

Former name was Kim Lesley Haresign

Ada Koon Hang Tse Ⓐ

Age: 58 Appointed: 1 December 2017

Term of office: 8 May 2024 (re-elected) to 2027 AGM

Key strengths and experience

Ms Tse has both a legal and a financial services background, enabling her to bring a unique combination of skills to the Board. She is a Senior Advisor to PineBridge Investments Asia (formerly, AIG Investments Asia). She joined AIG in 1996 and was President and Chief Executive Officer of AIG Investments Asia before assuming an advisory role. Ms Tse also worked in investment banking at Morgan Stanley in New York and Hong Kong, and was previously a lawyer at Sullivan and Cromwell in New York. Ms Tse has served as Non-Executive Director on a number of corporate boards across the Asian region, such as President Chain Store Corp. (7-Eleven operator) in Taiwan and Biocon Limited (biopharmaceuticals) in India.

She was previously appointed to various Hong Kong government advisory bodies, including the Securities and Futures Commission Advisory Committee, the Land Planning Appeal Board and the Travel Industry Compensation Fund Management Board. In addition, she is active in non-profit organisations focused on education and the arts.

Titles, qualifications and education

BA in Applied Mathematics, Harvard University
JD, Harvard Law School

Other major offices

Advisory Committee on Arts Development of HKSAR Government (Member)
Solicitors Disciplinary Tribunal Panel of HKSAR Government (Member)
Friends of Hong Kong Museum of Art (Chairman of the Board of Trustees)

Honorary Life President

Ronald James McAulay

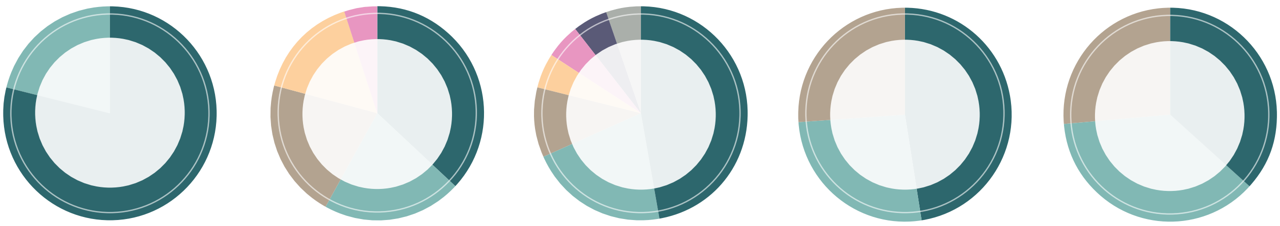
Age: 89 Appointed: 4 May 1972

Mr McAulay served on the Board as a Non-Executive Director of the company for over 45 years until his retirement in May 2017. In recognition of his extensive contribution to the company, the Board conferred on Mr McAulay the title of Honorary Life President. He does not have any official responsibilities within the company. Mr McAulay is the brother-in-law of The Hon. Sir Michael Kadoorie and an uncle of Mr Philip Lawrence Kadoorie.

Our Leadership – Board Members

Board Composition & Diversity

We have a strong and effective Board with 19 members encompassing a pertinent blend of skills, experience and diversity. This enables the Board to offer sound judgement on strategic matters and provide effective guidance for overseeing management. The Board has determined there will be a minimum of three female directors at all times. The individual profiles[1] of each Board member highlight their relevant skills and experience. The following charts provide an overview of the Board's diversity, encompassing gender, age, nationality, length of service, independence, and expertise and skills.[2]



GENDER

- Male : 15
- Female : 4

AGE

- 31-40 : 1
- 41-50 : 3
- 51-60 : 4
- 61-70 : 4
- > 70 : 7

NATIONALITY

- British : 9
- Chinese : 4
- Swiss : 2
- American : 1
- Australian : 1
- French : 1
- Mexican : 1

LENGTH OF SERVICE

- < 5 years : 5
- 5-10 years : 5
- > 10 years : 9

INDEPENDENCE

- Independent Non-Executive Directors : 7
- Non-Executive Directors : 7
- Executive Directors : 5

BOARD EXPERTISE AND SKILLS

	Executive Leadership & Strategy	Hospitality Retail & Real Estate	Global Market Experience	Risk Management/ Compliance	Marketing/ Branding	Technology & Innovation	Professional (Legal, Finance & Accounting)	Environmental Social & Governance
Non-Executive Directors								
The Hon. Sir Michael Kadoorie *Non-Executive Chairman*	●	●	●	●				●
Mr Philip L. Kadoorie *Non-Executive Deputy Chairman*	●	●	●	●	●			●
Mr Nicholas T.J. Colfer	●	●	●	●	●			●
Mr Andrew C.W. Brandler	●	●	●	●			●	●
Mr James L. Lewis		●	●		●			●
Mr Diego A. González Morales	●	●	●	●		●	●	●
Mr Peter C. Borer	●	●	●	●	●			●

1 Details can be found on pages 156 to 165
2 The charts reflect the position up to 31 March 2025

BOARD EXPERTISE AND SKILLS

	Executive Leadership & Strategy	Hospitality Retail & Real Estate	Global Market Experience	Risk Management/ Compliance	Marketing/ Branding	Technology & Innovation	Professional (Legal, Finance & Accounting)	Environmental Social & Governance
Independent Non-Executive Directors								
Dr the Hon. Sir David K.P. Li	●	●	●	●	●		●	●
Mr Patrick B. Paul	●	●	●	●			●	●
Mr Pierre R. Boppe	●	●	●	●	●			
Dr William K.L. Fung	●	●	●	●	●	●	●	●
Dr Rosanna Y.M. Wong	●	●	●	●	●			●
Dr Kim L. Winser	●	●	●	●	●	●		●
Ms Ada K.H. Tse	●	●	●	●			●	●
Executive Directors								
Mr Benjamin J.A. Vuchot *Chief Executive Officer*	●	●	●	●	●			●
Ms Christobelle Y.C. Liao *Interim CEO (from 1 November 2024 to 2 March 2025) and Chief Corporate and Governance Officer*	●	●	●	●			●	●
Mr Keith J. Robertson *Chief Financial Officer*	●	●	●	●			●	●
Mr Gareth O. Roberts *Chief Operating Officer*	●	●	●	●	●			●
Mr Clement K.M. Kwok	●	●	●	●	●	●	●	●

Our Leadership – Board Members

Roles and responsibilities

The Chairman and the Chief Executive Officer have separate and distinct roles and responsibilities, as are set out in the HSH Corporate Governance Code. Our Chairman and Chief Executive Officer do not have any financial, business, family or other material or relevant relationships with each other.

There is also a clear division between Executive Directors' and NEDs' (including INEDs) responsibilities, which ensures accountability and oversight. The Board is supported by the Company Secretary. The respective responsibilities are set out in the table below.

Role	Responsibilities
Non-Executive Chairman *The Hon. Sir Michael Kadoorie*	• Leading the Board and monitoring its effectiveness • Fostering candid discussions from all Directors and ensuring constructive relationships among Directors • Reviewing management performance with the INEDs • Ensuring that good corporate practices and procedures are established and implemented throughout the group, with the assistance of the Company Secretary
Chief Executive Officer* *Benjamin Vuchot (from 3 March 2025)* *Christobelle Liao (as Interim CEO from 1 November 2024 to 2 March 2025)* **supported by GMB[3]*	• Leading the management and GMB in the day-to-day running of the group's business • Developing strategies for the Board's approval • Executing strategies, policies and objectives agreed by the Board • Reporting to the Board on the performance of the business
Executive Directors *Benjamin Vuchot (from 3 March 2025)* *Christobelle Liao* *Keith Robertson* *Gareth Roberts* *Clement Kwok (up to 31 October and thereafter as Advisor to CEO)*	• Managing the day-to-day business of the entire group's operations • Being accountable for their specific executive functions to the Board • Communicating proactively with the NEDs and INEDs and being open and responsive to any executive proposals and challenges made by the NEDs and INEDs

7 Non-Executive Directors (NEDs) and 7 Independent Non-Executive Directors (INEDs)
 	
Pages 156 to 165
	• Evaluating the group's performance in achieving the corporate goals and objectives set by the Board
	• Ensuring clarity and accuracy on the reporting of financial information and that risk management and internal control systems are effective
	• Providing constructive feedback on management decisions
	• Serving on the Board and Board Committees to give these committees the benefit of their skills, expertise, and varied backgrounds and qualifications
	• The INEDs, being independent, have the additional roles of:
	  – Bringing know-how and business expertise that are supplementary to executive management, thereby providing independent insights and judgement
	  – Helping to maintain objectivity in the Board's decisions when potential conflicts of interest arise

Company Secretary *Till Lembke*	• Reviewing, implementing, initiating and driving improvements on our corporate governance practices and processes • Advising and keeping the Board and Board Committees up to date on legislative, regulatory and governance matters • Facilitating induction and continuous professional development of the Directors

3 Details of the GMB members and its function can be found on pages 169 to 171

Our Leadership – Senior Management and Key Functions

Senior Management

Group Management Board (GMB)

Chaired by Mr Vuchot, GMB constitutes the group's core decision centre and the focal point of its day-to-day management. GMB operates under clear guidelines and delegated authorities granted by the Board, and provides the Board with high quality information and recommendations to enable informed decisions.

GMB is supported by the Heads of Operations and Corporate Departments, as well as three sub-committees, including the (i) Group Risk Committee, (ii) Group Corporate Responsibility Committee and (iii) Technology Steering Committee. Each GMB sub-committee has its own terms of reference or charter and regularly reports to GMB, covering risk management, environmental and social issues, and innovation and technology strategy matters, respectively. In addition to these three sub-committees, we also have the HSH Retirement Plan ORSO Committee which oversees the group's retirement plan.

GMB strives to meet weekly to discuss and manage the affairs of the company, as well as the group's business strategy. Financial and non-financial factors, including corporate responsibility and sustainability factors, are considered in the day-to-day decision-making. GMB also aims to set aside time every year for a strategic meeting to reflect on the current status and review the future direction of the business. Findings and recommendations are then communicated to the respective Board Committees or the Board. The strategic meeting in 2024 was delayed to allow the new Executive Directors to settle into their new roles and for CEO to participate, and is scheduled to be held later in 2025.

Members of the Group Management Board include the four Executive Directors[4], and the following senior management members.

Other members:

Ming Chen

Chief Property Development Officer
Appointed to GMB: January 2024
Age: 48

Main responsibilities held with the group

Ms Chen joined the group in 2003 as Assistant Manager, Business Development serving for 2.5 years, and rejoined the group in 2006 as Assistant Manager, Projects after a short break. Over the years, she has been instrumental in the development of The Peninsula hotels in London, Istanbul, Shanghai and Paris, the acquisition of 21 avenue Kléber, and co-ordinating and assessing numerous hotel development and residential opportunities for the group, including leading The Peninsula London Residences Project. As the Chief Property Development Officer, Ms Chen is responsible for the financial performance of the properties and leading the continued enhancement of our properties and residential portfolio, while exploring future property and hotel development opportunities and redevelopment of long-term assets. She is a Director of several of the group's entities.

4 Profiles of Benjamin Vuchot, Christobelle Liao, Keith Robertson and Gareth Roberts are disclosed on pages 157 to 159

Our Leadership – Senior Management and Key Functions

Joseph Chong

Regional Executive Vice President, Asia, and Managing Director, The Peninsula Hong Kong
Appointed to GMB: June 2019
Age: 57

Main responsibilities held with the group

Mr Chong joined the group in 2000 at The Peninsula Beijing and has held a variety of positions at The Peninsula Bangkok and The Peninsula Shanghai, including General Manager and Managing Director of The Peninsula Shanghai. He was appointed as Area Vice President and Managing Director of The Peninsula Hong Kong and The Peninsula Shanghai in 2017. Since 2020, he has taken on additional responsibilities and as Regional Executive Vice President, Asia, and Managing Director of The Peninsula Hong Kong, he oversees The Peninsula Hotels' Asian properties, including Hong Kong, Shanghai, Beijing, Tokyo, Bangkok and Manila as well as the Hong Kong based Tai Pan Laundry. He is a Director of several of the group's entities.

Michael Garcia

Chief Information Officer
Appointed to GMB: August 2024
Age: 46

Main responsibilities held with the group

Mr Garcia joined the group as Group General Manager, Technology in 2022. He successfully led a transformation of the technology functions in Head Office to drive all key planning, business performance, innovation and enhancement of the guest experience. He was instrumental in the technology integration for the opening of The Peninsula Istanbul and The Peninsula London. As Chief Information Officer, he is responsible for formulating and implementation of information technology strategy at both group and operational levels, as well as overseeing the strategy and development of innovation and technology transformation. He is also the Joint Chairman of the Technology Steering Committee.

Maria Razumich-Zec

Regional Executive Vice President, USA and Managing Director, The Peninsula Chicago
Appointed to GMB: June 2007
Age: 67

Main responsibilities held with the group

Mrs Razumich-Zec joined the group as General Manager of The Peninsula Chicago in 2002. She was appointed as Regional Vice President – USA East Coast in 2007. As the Regional Executive Vice President, USA and Managing Director, The Peninsula Chicago, she holds regional responsibilities covering The Peninsula Hotels in Chicago and New York, as well as overseeing The Quail in Carmel, California. She is a Director of several of the group's entities.

Sindy Tsui

Chief People and Culture Officer
Appointed to GMB: June 2011
Age: 56

Main responsibilities held with the group

Ms Tsui joined the group as General Manager, Human Resources (retitling to People and Culture) in 2007. She has many years of experience in human resources management in the hospitality industry. As Chief People and Culture Officer, Ms Tsui holds overall responsibility for the group's strategy on employee experience, talent development and employment relations. She is one of the key leaders of the group's organisational development strategies, and employee wellness.

Key Functions

The following are leaders of key functions in the group at the date of this report. Names are listed in alphabetical order by last name.

Arnold Angeles, *Vice President, Research & Technology*
Nilgun Arsankan, *Group General Manager, Projects*
Rolf Buehlmann, *Managing Director, The Peninsula London*
Lily Calkins, *Senior Vice President, Revenue Management*
Cary Chan, *Senior Vice President, People and Culture*
Jisoo Chon, *Managing Director, The Peninsula Shanghai*
Mark Choon, *Managing Director, The Peninsula Tokyo*
David Chow, *General Manager, The Peak Complex*
Nick Cohen, *Senior Vice President, Digital and E-Commerce*
Jonathan Crook, *Managing Director, The Peninsula Istanbul*
Cameron Cundle, *Managing Director, The Peninsula Beijing*
Ozben Ergul, *General Manager, Construction*
Aiden Fung, *General Manager, Corporate Finance and Investor Relations*
Carson Glover, *Senior Vice President, Brand Marketing and Communications*
Alistair Gough, *General Manager, Projects – The Peninsula London*
Caroline Goux, *Senior Vice President, Sales*
Jason Hui, *Senior Vice President, Group Security and Operational Risk*
Samir Ibrahim, *Managing Director, The Peninsula New York*
Joseph Lee, *Senior Vice President, Operations and General Manager, Peninsula Clubs and Consultancy Services Limited*
Till Lembke, *Company Secretary and Group General Counsel*
Kai Lermen, *Senior Vice President, The Peninsula Signature Events*
Cecilia Lui, *Director, PRC Affairs*
Lynne Mulholland, *General Manager, Group Corporate Affairs*
Louise Napier, *Senior Vice President, Global Commercial Leasing*
Offer Nissenbaum, *Managing Director, The Peninsula Beverly Hills*
Masahisa Oba, *Managing Director, The Peninsula Bangkok*
James Overbaugh, *Managing Director, The Quail*
Vincent Pimont, *Managing Director, The Peninsula Paris*
Charlie Pojanartvichaikul, *General Manager, The Landmark Vietnam*
Martin Rahn, *Assistant General Manager, The Repulse Bay Company, Limited*
Guy Riddell, *Managing Director, Peninsula Merchandising Limited*
Ernest Tang, *Group General Manager, Group Finance*
Kevin Tsang, *Managing Director, The Peninsula Manila*
Kitty Wan, *Group General Manager, Audit and Risk Management*
Joshua Wong, *Director, Corporate Responsibility and Sustainability*
Mei Yoke Yong, *General Manager, Operations Finance*

Our Leadership – Senior Management and Key Functions

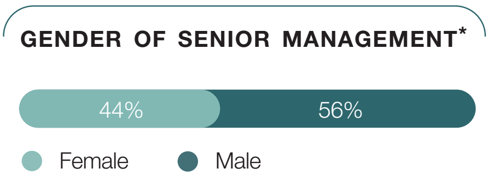
Diversity Amongst Overall Workforce

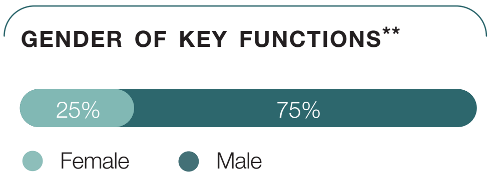
The company strives to promote diversity at all levels of our workforce. We have a policy on providing equal opportunity to all employees regardless of gender, race, age, nationality, religion, sexual orientation, disability, and other aspects of diversity as well as opposing any forms of discrimination. Given the dynamic nature of our business, we have not specified any quotas or similar measurable objectives for achieving diversity; rather our focus is on (i) providing development opportunities and growing our own talent from within, through programmes such as the Global Cross-Exposure Employee Development Programme, and (ii) recruiting the right talent with the right mindset that is best suited for the role. Our hiring managers have taken extra steps to ensure candidates with diverse backgrounds (including gender and ethnicity) are considered during the recruitment process.

The company is in the process of reviewing its leadership pipeline to support succession planning for senior executive roles. This effort aims to facilitate smooth transitions and maintain continuity in our leadership team, and also takes into account the company's approach to equal opportunity.

Further details of our inclusive workplace approach and a breakdown of gender distribution between total workforce and management positions across all HSH operations and corporate offices are disclosed on pages 44 to 52 of the Corporate Responsibility and Sustainability (CRS) Report.

Gender diversity of the senior management and leaders of key functions as at the date of this report

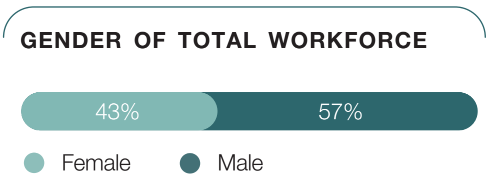




* Inclusive of four Executive Directors

** Key Functions include Managing Directors and General Managers of Operations and Heads of Corporate Departments but do not include members of senior management

Gender diversity of the total workforce as at 31 December 2024



Corporate Governance Report

Culture and Values

The Board believes that our corporate culture, which is aligned with our purpose, values and strategy, is crucial to the long-term economic success, strong reputation, and sustainable growth of the group. The Board sets and promotes company culture based on "doing the right thing", and requires senior and middle level management to actively promote and live by this principle.

With that in mind, we have implemented a governance framework, led by the Board, that aims at embedding and reinforcing this paramount corporate culture across all levels of the business. We achieve this through various governance policies, practices and controls across the group, including the following:

Our Ethics

Integrity and compliance

We put integrity at the forefront of our company culture. This is reflected in the HSH Core Principles Framework, which sets out nine principles central to the way we operate. These are behavioural and service guidelines expected of our employees, and range from mutual respect, to being a team player, being passionate about excellence and others. This set of core principles is embedded in our day-to-day people and culture practices, in addition to the way we recruit, select and assess in our performance reviews.

These principles are supplemented by a robust set of policies such as the Board-endorsed Code of Conduct, Anti-Bribery and Corruption Policy, Anti-Fraud Policy and Fair Competition Guide. These policies are kept under constant review and are being updated to reflect the increasingly complex global regulatory environment in which we operate. In light of the diverse nature of our workforce, we look to provide compliance training in a suitable format, such as rolling out a short video summarising the key data privacy principles, in addition to our longer privacy e-training. Mandatory training for all HSH employees include our Code of Conduct, updated HSH Employee Handbook, Fair Competition Guide, Data Privacy Policy and cybersecurity.

Accountability

The group's governance structure fosters a culture of accountability, which is led from the top by the Board (ultimately accountable to the company's shareholders and stakeholders) and by senior management, ensuring that each level of the business is subject to appropriate and effective supervision and oversight.

Communication and transparency

The Board recognises the importance of transparency, accessibility, and visibility for itself and senior management. The Board encourages regular and ad hoc dialogue and communication with its shareholders and stakeholders, including employees, conducted through both itself and management. The Directors make occasional visits to different business operations, taking the time to meet with each management team to gain a comprehensive understanding of the challenges faced, as well as the competitive dynamics of the environment in which they operate. The regular monthly meeting has been restructured to focus on sharing key lessons and industry insights, and provides an open forum for the global function heads to ask and discuss questions. This is supplemented with an in-person "open house" meeting for Head Office employees, which provides an opportunity for the CEO to give an overview of our business performance as well as an update on projects and areas of focus. Operational Managing Directors also strive to hold regular townhall meetings. In 2024, such meetings have been held on a global level by the new Deputy Chairman and C-Suite executives.

We also continue to add to the collection of in-house produced "HSH Masterclass Videos", to help our employees cultivate a commercial mindset and gain valuable insights on issues critical to our industries, such as risk management and modern slavery.

Corporate Governance Report

Our People

People first

Our people continue to be at the forefront of our organisation. Spearheaded by the People and Culture team, we aim to create a culture of healthy, passionate and engaged employees to support the company in consistently delivering the highest standards of luxury and services.

Inclusivity and respect

We are committed to providing an inclusive and respectful workplace which provides equal opportunity to all employees, regardless of gender, race, age, nationality, religion, sexual orientation or disability. With that in mind, we have increased the diversity of our recruitment channels with the aim of reaching a broader array of candidates.

Listening

The Board acknowledges that the resilience of the company's culture largely depends on employee experience. To make sure we stay on track, we have decided to conduct our employee experience survey on a yearly (rather than biennial) basis. The last survey was carried out in the last quarter of 2024. The overall results[5] were shared with management, and addressing the outcomes of the survey forms a key part of each head of operation's and department head's responsibility. They are tasked with communicating with their respective teams to work out action plans where necessary to build on the messages emanating from the survey results.

5 Details can be found on page 49 of the CRS Report

Corporate Governance Framework

The Board has set a two-tiered structure where the Board and the management team are led by the Chairman and the Chief Executive Officer respectively. The Board and its committees oversee the corporate governance structure and give guidance to management on implementing good governance in our daily business. The diagram below illustrates our corporate governance framework.

DELEGATION

ACCOUNTABILITY

The Board

The Board's Role

1. Accountable to the company's shareholders and stakeholders for the long-term success and sustainability of the group
2. Sets the group's strategy and objectives for delivering the long-term value
3. Leads and oversees the management of the company and provides effective challenge to management concerning the execution of the strategy set by the Board
4. Ensures the group maintaining an effective risk management and internal control systems

Board Focus P. 176-177

The Board's Key Reserved Matters

Strategic & Financial
- Long and short-term strategic directions
- Annual budgets and forecasts
- Significant changes in accounting policies
- Company's capital structure
- Dividend policy
- Material borrowings and expenditure
- Annual and interim reports

Leadership & Employees
- Director's appointment and re-election
- Succession planning for Board and senior management

Corporate Governance
- Corporate governance functions
- Board evaluation

Risk Management
- Risk management oversight
- Principal and emerging risks

Sustainability
- Corporate responsibility and sustainability strategy outlook, progress and issues

The Board delegates certain matters to the following

Board Committees

Governance Board Committees

Audit Committee
- Financial reporting
- Risk management and internal controls
- Internal and external audit process
- Corporate Governance practices

Report P. 197-198

Nomination Committee
- Board composition
- Board nomination
- Diversity Policy
- Nomination Policy
- Board members contribution, training and development

Report P. 199-200

Remuneration Committee
- Remuneration philosophy and policies
- Directors and senior management remuneration

Report P. 201-205

Other Board Committees

Executive Committee
- Strategic opportunities
- Significant investment proposals
- Brand protection
- Implementation of strategic plans and investment proposals

Finance Committee
- Financial performance
- Financial aspects and budgets of significant acquisitions, investments, disposals and new projects
- Financial and annual operational plans, budget and forecast

Chief Executive Officier

leads the management to fulfil objectives set by the Board and assisted by the Group Management Board

Audit and Risk Management Department
- Internal audit assurance
- Reports to Audit Committee and supports Group Risk Committee on risk management and internal controls

Group Management Board

makes key decisions on management and day-to-day business of the group and is supported by various sub-committees

Group Risk Committee Report P. 191-194

Technology Steering Committee

Group Corporate Responsibility Committee Report P. 195-196

HSH Retirement Plan ORSO Committee

Heads of Operations and Corporate Departments and Business Operations

implement the group's strategy through day-to-day operations

Corporate Governance Report

2024 Board Focus

The focus of our 2024 Board meetings was on addressing the outstanding issues emanating from The Peninsula London project, stabilising the company's financial performance and enhancing our existing properties. The Board devoted considerable time to an extensive discussion on detailed business analysis during the 2025 budget presentation from management, which aimed at steadying the business by driving operational efficiency across all units, reducing debt, and establishing a solid financial foundation for the future. No dedicated strategic meeting to determine the company's long-term direction was held in 2024 in light of the C-suite transition and our new CEO joining only on 3 March 2025. This is planned for the latter part of 2025 following the new CEO's onboarding.

We continued the practice of holding Board lunches after each Board meeting. This provided an opportunity for our directors to interact with each other in a more informal setting and to discuss a wider range of issues concerning the group. In 2024, we also organised a discussion with the Board on stakeholder views on emerging ESG trends and on the company's *Sustainable Luxury Vision 2030*.

In addition, the Board continued to cover all customary matters. We highlight below the Board's priority matters during 2024.

Strategy

- Reviewed and endorsed the balanced scorecard approach of the group covering four key focus, namely financial and strategy, operation and efficiency, customer and brand, and people and *Vision 2030*. Each operations balanced scorecard was also reviewed with their specific respective targets to support the group's scorecard
- Analysed the financial and operational update of each operation and discussed strategies for enhancing business performance
- Considered the possibility of extension of the land lease expiring in January 2026 for The Landmark, Vietnam, and the necessary steps if no extension was feasible
- Conducted an in-depth review of the retail business plan and marketing strategy for The Peninsula Merchandising
- Reviewed the content, social media and digital marketing strategies of The Peninsula Hotels and explored various options for driving business growth
- Evaluated the current structure of the technology team, as well as the technology strategies and initiatives of the group

Financial and Operational

- Monitored and evaluated the progress of the sale of The Peninsula London Residences
- Assessed the progress of preparing and agreeing final accounts with trade contractors and consultants for The Peninsula London and The Peninsula Istanbul
- Reviewed the progress and results of The Peninsula New York renovation
- Analysed the company's financial position and approved the issuance of a profit warning announcement[6]
- Evaluated detailed business analyses, key assumptions and factors affecting the 2025 budget and ultimately approved the 2025 budget

6 Posted on the company website: www.hshgroup.com/en/investors/corporate-announcements

Leadership

- Approved the respective changes announced in 2024 including retirement of a Non-Executive Director, appointment of the Interim Chief Executive Officer, Chief Executive Officer, Change of Deputy Chairman, Company Secretary, and Executive and Finance Committees' Members[7]

Risk Management

- Reviewed and discussed the key risks to the business
- Monitored and reviewed the effectiveness of risk management and internal control systems through the Audit Committee

Corporate Governance

- Reviewed the regular updates from the Chairmen of the Governance Board Committees. These include key issues and topics raised at those meetings, as well as recommendations for Board approval
- Approved the amendments to the HSH Code, Terms of Reference of the Board and Nomination Committee to ensure alignment with the amended Listing Rules
- Approved the connected transaction for the tenancy agreement of the company's Head Office and issued the relevant announcement[8]
- Approved the Nomination Committee's decision to maintain no less than three female Board members as the measurable objective for implementing the policy of gender diversity
- Reviewed the mechanisms in place for ensuring INEDs are able to express their views and input to the Board and confirmed these mechanisms remain effective[9]
- Approved the Group Tax Strategy[10] for publication on the company website to comply with UK tax disclosure requirements

Sustainability

- Reviewed the progress of the key performance indicators of the *Sustainable Luxury Vision 2030 (Vision 2030)*, and progress of corporate responsibility and sustainability initiatives of the group
- Reviewed the company's decarbonisation roadmap and work plan for coming years
- Discussed results from this year's Board and senior management stakeholder engagement exercise in alignment with "double materiality" approach
- Approved the updated Modern Slavery Statement,[11] which explains the activities we have undertaken during the year to mitigate the risks of unethical labour practices, human trafficking and modern slavery in any part of our business or supply chain

Sound Board decisions based on clear, complete and reliable information

- Comprehensive Board papers for discussion
- A monthly update of HSH's businesses
- Board Minutes and Board Committee Minutes (except Finance Committee) to allow our Board members have visibility of the discussions at various committees. Finance Committee discussion on financial aspects matters are included in the monthly and Board updates to Directors

7 Posted on the company website: www.hshgroup.com/en/investors/corporate-announcements
8 Posted on the company website: www.hshgroup.com/en/investors/corporate-announcements
9 Details of the channels can be found on page 189
10 Posted on the company website: www.hshgroup.com/en/corporate-governance
11 Posted on the company website: www.hshgroup.com/en/sustainable-luxury/sustainability-reports

Board Evaluation

Our Board assesses its own performance and effectiveness typically every two years through a formal performance evaluation process. The purpose of this review is to identify areas for enhancement and improving the Board's effectiveness. The last such review took place in 2022 with an independent facilitator to lead the process. It included completion of a questionnaire by the Directors, followed by individual meetings with the facilitator. The overall results were discussed with the Board, and action points for management to implement were formulated. The Board evaluation scheduled for 2024 was not conducted because of the significant leadership changes of 2024. It was agreed that an evaluation post 2025 would be more suitable, in anticipation of and following the appointment of the new Deputy Chairman and arrival of the new CEO.

Progress on areas of focus

The 2022 Board evaluation concluded that our Board was operating well with a healthy balance of discussion, debate and expertise. The evaluation resulted in a number of priority items which continued to be addressed during 2024.

Priorities	Progress made in 2024
Succession and development	We have welcomed two new Board members, and identified a new Deputy Chairman and new CEO, to introduce fresh perspectives and ideas
Business performance	The Board closely monitored the business performance of our properties. Board members continue to provide advice and suggestions on improving business performance at all Board Meetings
Overall strategic direction	The Board will schedule a strategy meeting to discuss the long-term direction of the group in the latter part of 2025
Financial management including debt management	The Board conducted a deep dive review of company's net debt position by 2025 together with a stress test analysis and to help Board members understand its impact on the company's liquidity
Risk management	The Board reviewed the semi-annual risk management reports produced by Audit and Risk Management Department and discussed the principal risks to the business and their residual risks movement
Environmental, social and governance	The Board reviewed the company's decarbonisation roadmap and work plan, discussed stakeholder feedback and key ESG trends

Chairman's annual meeting with INEDs

While INEDs have direct access to the Chairman and can voice their thoughts during the Board meetings as well as any other time, a dedicated annual meeting is organised between the Chairman and the INEDs without management present, to seek independent views on matters relating to the company's business and direction. Comments and suggestions by INEDs are then brought to discussion with the full Board in an open and constructive manner. The upcoming focuses are on enhancing the company's financial position, embracing changes while safeguarding the company's strength and ensuring stability, ascertaining the company's long-term direction and maintaining our strong company values and culture.

Directors' Attendance

The Board held five scheduled meetings and four Board resolutions were approved by circulation in 2024. Physical meetings have been held and certain directors also participated remotely. The attendance of Directors and the Company Secretary at the Annual General Meeting, Board and Governance Board Committee meetings for the year 2024 are as follows:

	Board[(1)]	Audit Committee[(2)]	Nomination Committee	Remuneration Committee	Annual General Meeting[(2)]
Attendance Rate	98%	94%	91%	100%	100%
Non-Executive Directors					
The Hon. Sir Michael Kadoorie *Non-Executive Chairman*	6(6)		3(3)		1(1)
Mr Philip L. Kadoorie *Non-Executive Deputy Chairman*	5(5)				
Mr John A.H. Leigh[(3)]	2(2)				1(1)
Mr Nicholas T.J. Colfer	5(5)				1(1)
Mr Andrew C.W. Brandler[(4)]	5(5)	3(4)		3(3)	1(1)
Mr James L. Lewis	5(5)				1(1)
Mr Diego A. González Morales	5(5)				1(1)
Mr Peter C. Borer	5(5)				1(1)
Independent Non-Executive Directors					
Dr the Hon. Sir David K.P. Li	6(6)		3(3)		1(1)
Mr Patrick B. Paul	6(6)	4(4)		3(3)	1(1)
Mr Pierre R. Boppe	6(6)				1(1)
Dr William K.L. Fung[(5)]	4(6)		2(3)		1(1)
Dr Rosanna Y.M. Wong	6(6)			3(3)	1(1)
Dr Kim L. Winser	6(6)				1(1)
Ms Ada K.H. Tse	6(6)	4(4)			1(1)
Executive Directors					
Ms Christobelle Y.C. Liao *Interim CEO (November and December) and Chief Corporate and Governance Officer*	5(5)				–
Mr Keith J. Robertson *Chief Financial Officer*	5(5)				1(1)
Mr Gareth O. Roberts[(6)] *Chief Operating Officer*	3(3)				
Mr Clement K.M. Kwok	5(5)				1(1)
Company Secretary					
Ms Christobelle Y.C. Liao[(7)]	3(3)	3(3)	1(1)	1(1)	1(1)
Mr Till A. Lembke[(7)]	2(2)	1(1)	1(1)	1(1)	

Notes:
(1) Included an annual meeting where the Chairman met with INEDs only
(2) Representatives of the independent auditor participated in every Audit Committee meeting and the Annual General Meeting
(3) Mr John A.H. Leigh retired as a Non-Executive Director on 8 May 2024
(4) Mr Andrew C.W. Brandler was unable to attend the Audit Committee due to a pre-existing commitment
(5) Dr William K.L. Fung was unable to attend the two Board meetings and a Nomination Committee Meeting due to pre-existing commitments
(6) Mr Gareth O. Roberts succeeded Mr Peter C. Borer as an Executive Director and the Chief Operating Officer from 1 August 2024
(7) Mr Till A. Lembke was appointed the Company Secretary on 1 September 2024 replacing Ms Christobelle Y.C. Liao

Corporate Governance Report

Board Induction and Training

Onboarding for new Directors

All new Directors receive a comprehensive onboarding programme which is tailored to their individual roles and needs, and designed to facilitate their understanding of our group's overall business, our corporate governance and our culture. This structured programme includes meetings with the Chairman, Executive Directors, Company Secretary and senior management, and visiting a number of the group's properties. The Company Secretary will provide a tailored onboarding pack and a library of reference materials covering key areas such as Board and Committee papers, governance and directors' duties, risk management and internal controls matters. An external legal adviser explains the roles, responsibilities and obligations of a director. Mr Keith Robertson joined the Board in January 2024 and completed his onboarding programme. Mr Gareth Roberts joined the Board in August 2024 and was given a limited onboarding programme on governance and responsibility matters given his prior tenure in the company and the fact that he was shadowing the previous Chief Operating Officer for seven months. Mr Benjamin Vuchot who joined the Board in March 2025 has just commenced his onboarding programme. Mr Keith Robertson, Mr Gareth Roberts and Mr Benjamin Vuchot have each been provided with a letter of advice from our external legal advisers on their obligations as listed company directors on 19 January 2024, 17 July 2024 and 21 February 2025, respectively. Each has explicitly acknowledged his respective understanding of such obligations under the Listing Rules.

Directors training and continuous professional development

Our Directors participate in training and continuous professional development activities that keep them up to date on developments in areas pertaining to the business of the company and the performance of their duties as Directors. In addition to quarterly governance updates, anti-bribery and corruption reading materials and relevant publications are provided to our Directors and keep them abreast of the relevant rules and regulations affecting our businesses. We continue to seek to enhance our training to include more content on climate and ESG-related topics. Directors who individually attend seminars or conferences associated with their expertise and responsibility update the company annually. The training and continuous professional development records of Directors and the Company Secretary for the year 2024 are as follows:

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT(1)

	Board roles, functions, responsibilities and effectiveness	Legal and regulatory updates	Corporate governance and ESG	Risk management and internal controls	Hotel and retail developments, business trends and strategies
Non-Executive Directors					
The Hon. Sir Michael Kadoorie *Non-Executive Chairman*	●	●	●	●	●
Mr Philip L. Kadoorie *Non-Executive Deputy Chairman*	●	●	●	●	●
Mr John A.H. Leigh(2)	●	●	●	●	●
Mr Nicholas T.J. Colfer	●	●	●	●	●
Mr Andrew C.W. Brandler	●	●	●	●	●
Mr James L. Lewis	●	●	●	●	●
Mr Diego A. González Morales	●	●	●	●	●
Mr Peter C. Borer	●	●	●	●	●

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT[1]

	Board roles, functions, responsibilities and effectiveness	Legal and regulatory updates	Corporate governance and ESG	Risk management and internal controls	Hotel and retail developments, business trends and strategies
Independent Non-Executive Directors					
Dr the Hon. Sir David K.P. Li	●	●	●	●	●
Mr Patrick B. Paul	●	●	●	●	●
Mr Pierre R. Boppe	●	●	●	●	●
Dr William K.L. Fung	●	●	●	●	●
Dr Rosanna Y.M. Wong	●	●	●	●	●
Dr Kim L. Winser	●	●	●	●	●
Ms Ada K.H. Tse	●	●	●	●	●
Executive Directors					
Ms Christobelle Y.C. Liao[3] *Interim CEO (November and December) and Chief Corporate and Governance Officer*	●	●	●	●	●
Mr Keith J. Robertson *Chief Financial Officer*	●	●	●	●	●
Mr Gareth O. Roberts *Chief Operating Officer*	●	●	●	●	●
Mr Clement K.M. Kwok	●	●	●	●	●
Company Secretary					
Mr Till A. Lembke[3]	●	●	●	●	●

Notes:
(1) Directors undertook training and continuous professional development through attending seminars/conferences and webinars arranged by the company or external organisations, and reading regulatory/corporate governance and industry related updates
(2) Mr John A.H. Leigh retired as a Non-Executive Director on 8 May 2024
(3) Mr Till A. Lembke was appointed the Company Secretary on 1 September 2024 replacing Ms Christobelle Y.C. Liao. Both Ms Liao and Mr Lembke undertook over 15 hours of professional training, meeting the requirement of the Listing Rules

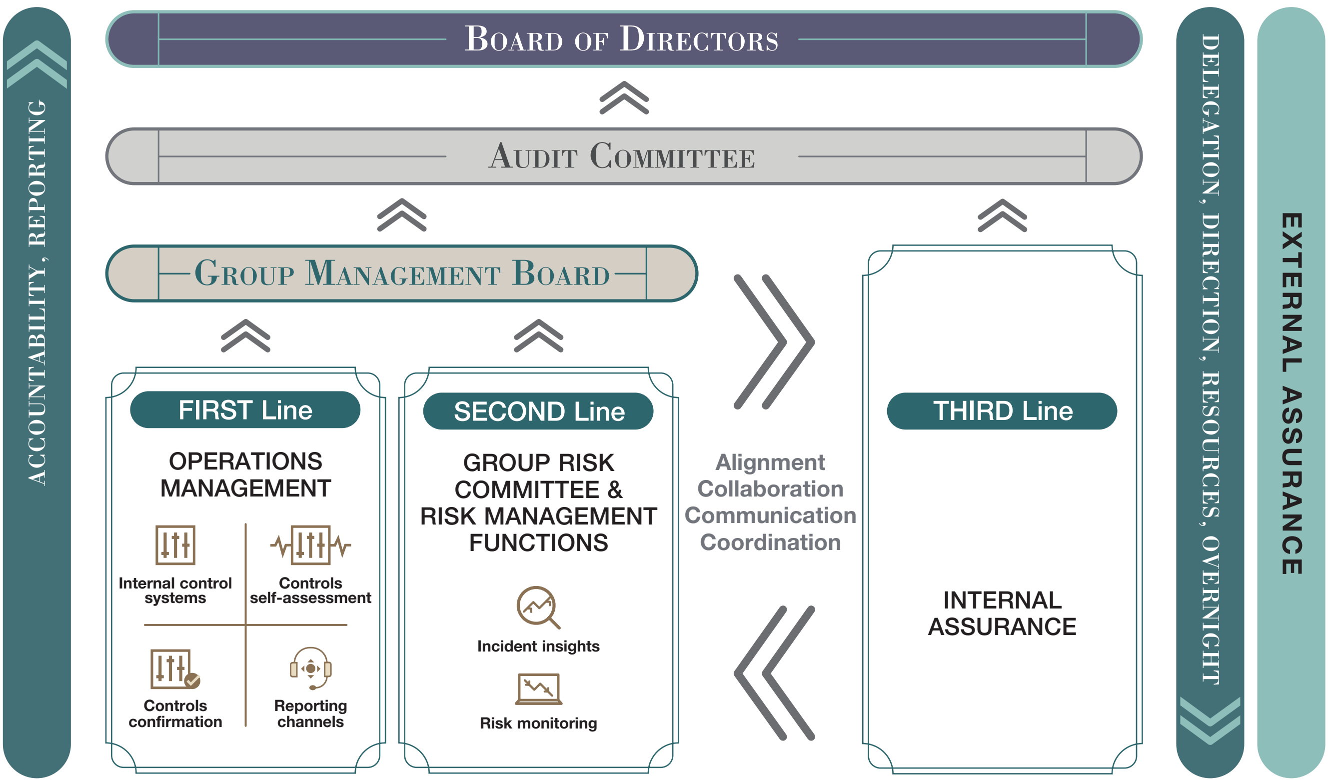
Risk Governance

Effective risk management plays an integral role in the overall achievement of the group's strategic objectives, namely, to ensure the resilience of our business for the long term, enhance the quality of our asset portfolio, deliver the highest standards of luxury, and to preserve the tradition of integrity and respect for our heritage.

The Board is ultimately responsible for establishing, maintaining and overseeing appropriate and effective risk management and internal control systems for the group. It has given the Audit Committee the responsibility to oversee these systems on an ongoing basis and to assess their adequacy and effectiveness semi-annually. This is done with the support of the Group Risk Committee (GRC) and Audit and Risk Management Department (ARM). A risk management report summarising the latest risk landscape and the key internal controls in place for each principal risk is submitted to the Board every six months.

Approach to risk governance

Our risk management framework is guided by the "Three Lines Model", as set out in the graphic below. This framework and its process aim to efficiently identify, manage, and mitigate risks. Whilst each of the three lines has its distinct responsibilities, their activities are aligned with the objectives of the organisation. Such coherence is achieved through regular and effective collaboration, communication and coordinations.



FIRST Line: Operations management

The group is dedicated to building a strong culture of governance and compliance throughout all levels of the organisation, from the Board to operations. To uphold its high standards, the group has established a system of internal controls which is executed by operations management.

Internal control systems

Controls adopted by the group can be divided into entity level and process level controls. Entity level controls operate pervasively across and throughout the group to mitigate risks threatening the company as a whole and to provide assurance that organisational objectives are achieved. Examples include groupwide policies such as the Code of Conduct, Speak Up Policy, Group Purchasing & Tendering Policy, Fair Competition Guide, HSH Finance Policies and Procedures, Company Management Authority Manual and others.

Process level controls include operational standards such as the Casual Labour Standard Operation Procedure for hiring casual labour, policies and procedures governing approval authority, due diligence requirements, safeguarding of assets and financial reporting and many others.

The group has implemented a number of controls to cope with the ever-changing regulatory and operational environment. Please refer to the GRC report on pages 191 to 194 for the key controls undertaken in 2024 to mitigate our principal risks.

We provide guidance on the handling of inside information within the group, to ensure potential inside information is being captured and confidentiality is being maintained until disclosures are made.

Handling Inside Information Guide

- A user-friendly guide is shared on our intranet to promote staff awareness
- Non-compliance of the Guide is a breach of the Code of Conduct
- A system is in place to monitor what the market says about HSH and there is an inside information escalation process

Controls self-assessment

Our business and functional units are at the forefront of risk management and they form part of the group's risk management process by undertaking a "controls self-assessment" (CSA). Formally conducted twice a year, the CSA process allows the group and each operation to identify new risks affecting their businesses, reassess the magnitude of existing risks, and evaluate the effectiveness of controls in managing the risks by using the risk management handbook. Enhancement plans with specified risk owners and time-bound action points are implemented for controls that are assessed as less effective.

During 2024, we have revamped the review process of our operations risk management: while GRC continued to review strategic risks and controls, the representatives of the second line, namely the responsible employees within the risk management functions, were tasked with reviewing the specific operational and compliance risks and controls. In addition, we have reactivated face-to-face risk workshops with operations with a view to enhancing the quality and efficiency of the risk management process.

Controls confirmation

Managing Directors, General Managers and Directors of Finance of all operations confirm the effectiveness and adequacy of material internal controls (which include financial, operational and compliance controls) via General Representation Letters. In addition, operations are required to perform annual compliance and privacy checks and provide confirmations to Group Legal on statutory or best practices compliance.

Collectively, these internal control systems and processes form the basis by which management reviews and confirms the effectiveness of the risk management and internal control systems to the Audit Committee.

Reporting channels

The group has multiple channels to handle and communicate incidents. The groupwide Incident Reporting Policy sets out the methodology for group companies to determine the severity level of an incident and the corresponding reporting requirements. This has enhanced the quality of information for the oversight of the group's internal control and risk management practices.

The Speak Up Policy.[12] provides employees and other stakeholders a confidential reporting channel on suspected misconduct or malpractice within the group without fear of reprisal or victimisation. Reported allegations are logged, reviewed, independently validated and investigated as appropriate. Investigation results are communicated to the Audit Committee with approved recommendations implemented by responsible parties. In 2024, we have launched a new Speak Up Portal.[13]

28 reports of potential integrity issues were received via the Speak Up channel in 2024. All of these reports were investigated. Of the 28 reports, 26 were closed and two were still ongoing at the beginning of 2025.

12 Posted on the company website: www.hshgroup.com/en/corporate-governance/speak-up
13 Please refer to page 155 of 2024 in a Nutshell

Corporate Governance Report

SECOND Line: GRC and Risk management functions

Second line roles comprise relevant Head Office functions including the ARM in it risk management capacity, and the GRC which (i) oversees the risk landscape and risk management activities of the operations and development projects which are reported to the Audit Committee and the Board of Directors semi-annually, (ii) monitors the group's principal risks and emerging risks, and (iii) regularly evaluates the effectiveness of controls in response to such risks. A 5-step risk management methodology[14] is applied to ensure the risk assessment process and internal controls remain current, and are adapted and modified as business conditions and the organisation change.

Incident insights

The GRC reviews common incidents across all operations and identifies any trend of root causes for further discussion with the Group Management Board as needed. Opportunities to improve key controls and share best practices are discussed and communicated across the group.

Risk monitoring

The GRC continued to strengthen its monitoring of risks to respond to changes and developments in both the external and internal environment. For actions taken in 2024, please refer to the GRC Report on pages 191 to 194.

In 2025, the group entered a new three-year cycle of its risk engineering programme. As part of this, risk engineers conduct onsite risk surveys to collect risk profiles of operations to underwrite insurance and to assist the group's risk management systems. Additionally, the surveys serve to update operations' risk profiles, assess the existing risk management and mitigation, and provide additional recommendations to reduce principal risks.

THIRD Line: Internal assurance

ARM provides independent and objective assurance on the adequacy and effectiveness of internal controls through continuous audit engagements. These audits facilitate ongoing improvement of the overall internal control framework including key group policies and procedures, operational processes, and compliance with relevant laws and regulations.

ARM utilises an end-to-end approach to audit key processes resulting in the immediate identification and implementation of control improvement opportunities. Considering the company operates in a decentralised control environment, common control weaknesses identified across the group are also aggregated, assessed, and addressed at the group level as needed.

The 2024 internal audit plan included evaluations on the efficiency of key business processes with a focus on optimising operational efficiency and performance of the group and individual operations including the two new hotels. Furthermore, ARM continued to apply a systematic process to timely track the status and implementation of recommendations across all operations.

External assurance

The external auditor of the group further complements the third line by independently auditing material internal controls over financial reporting of the group. Any significant deficiencies in internal control are reported to the Audit Committee every six months.

Board confirmation

The Board has considered and confirmed the Audit Committee's assessment of the effectiveness of the risk management and control systems in the group. These efficiently identify, manage and mitigate risks and safeguard the group's assets, preventing fraud, misconduct and losses, ensuring financial accuracy and achieving regulatory compliance. Throughout 2024 no areas of concern which might materially affect the effectiveness of the group's operational, financial reporting and compliance controls were identified, and the existing risk management and internal control systems remained effective and adequate.

14 Details of 5-step risk management methodology can be found on page 192 of the GRC Report

Shareholders Engagement

The company values continuous engagement with the investor community, including individuals, institutional shareholders and research analysts. We believe that this is key to building increased understanding between the company and the shareholders and sharing views, opinions and concerns with each other. Comments received from the different platforms and channels are noted and discussed at management level and by the Board as necessary. For more information on how we engage our stakeholders, please refer to pages 128 to 133.

The company engages investors through multiple platforms, as set out in more detail in our Shareholder Communication Policy.[15] The Audit Committee has reviewed these platforms and confirmed that the company has maintained sufficient channels to engage with our shareholders and our Shareholder Communication Policy remains effective.

Shareholders Engagement Channel

Annual General Meeting

- The Annual General Meeting (AGM) is the focal point in the company's annual corporate governance calendar. We encourage our shareholders to participate in our AGM and directly communicate with our Directors. We held our 2024 AGM at The Peninsula Hong Kong.[16] Our Directors, including the Chairman of the Audit and Remuneration Committees, were all present. KPMG, the company's external auditor, was also present to answer questions relating to its audit of the company's financial statements.

Investor Relations Activities

- Our Executive Directors and Investor Relations team engaged with shareholders and potential investors via one-on-one meetings and post-earnings conference calls, as well as regular briefings with research analysts.

Company Website

- Our company website[17] gives the public a window as to who we are, what we do and how we are doing. There is a wealth of current and historical information such as webcasts of the announcements of the latest financial results along with presentation materials from such announcements, our financial reports, financial statistics, and corporate governance practices.

Analysts Briefings and Press Conference

- The company held analysts briefings and a press conference following its 2023 annual and 2024 interim results announcements and held a further press conference after the 2024 AGM. The company hosts regular media lunches and briefings with senior management.

Social Media

- The company's social media sites provide investors and other stakeholders with regular updates on our initiatives relating to our businesses and the HSH community.

15 Available on our website at www.hshgroup.com/en/corporate-governance
16 The poll results are posted on the company website: www.hshgroup.com/en/investors/general-meetings
17 www.hshgroup.com/en/investors

Our Shareholders

HSH had 1,660 registered shareholders as at 31 December 2024. The actual number of investors interested in HSH shares is likely to be much greater, as shares are being held through nominees, investment funds and the Central Clearing and Settlement System (CCASS) of Hong Kong.

Size of registered shareholdings	Number of shareholders	% of shareholders	Number of shares held	% of total number of shares in issue
500 or below	531	31.988	66, 201	0.004
501-1,000	182	10.964	143,405	0.009
1,001-10,000	547	32.952	2, 219,179	0.133
10,001-100,000	321	19.337	10, 221,087	0.613
100,001-500,000	50	3.012	9, 691,048	0.581
Above 500,000	29	1.747	1,644, 598,930	98.660
Total	**1,660**	**100.000**	**1,666, 939,850**	**100.000**

Note: As at 31 December 2024, 36.72 % of all HSH total number of shares in issue were held through CCASS

The Kadoorie family (including interests associated with the family but excluding interests held by charities associated with the family) has a combined shareholding of 72.58% as disclosed in “Interests of Directors” and “Interests of Substantial Shareholders” in Directors’ Report on pages 208 and 209. The remaining HSH shares are mainly held by institutional and private investors. According to the register of members as at 31 December 2024, a considerable number of shareholders are Hong Kong residents.

From publicly available information and within the knowledge of the Directors, HSH has maintained the required 25% public float throughout 2024 and up to the date of this report.

Shareholders’ rights to general meetings

Shareholders holding not less than 5% of total voting rights of the company may convene an extraordinary general meeting by stating the objectives of the meeting through a requisition and sending the signed requisition to the company.

Our company website[18] sets out the procedures for shareholders to convene and present proposals at general meetings, including proposing a person for election as a Director, and to vote by poll at general meetings.

Dividend Policy

The company’s dividend policy is to seek to provide its shareholders with a stable and sustainable dividend stream. The annual dividend payout ratio is based on the company’s underlying profit, as well as additional commercial factors set out below. The company’s practice is to offer dividends on a half-yearly basis either in cash or in scrip.

Additional commercial factors to be considered in setting the level of dividends include:

- current and future cash flows
- the level of borrowings, gearing and the cost of financing
- requirements for planned investments, acquisitions, and divestments
- the macro environment and the business outlook.

Whilst the company was unable to pay dividend for the year ended 31 December 2024 due to the loss situation, enhancing shareholder value remains a key objective and the company strives to achieve this by continually improving its existing assets for long-term appreciation in the capital value. The company is also looking for ways to improve operation efficiency to enhance profitability in the coming year.

18 www.hshgroup.com/en/corporate-governance/shareholders-rights

Other Information

Other information for our shareholders including our financial calendar and contact details are set out on page 286.

The company's share price information as well as share and dividends per share information for the last ten years are disclosed on pages 105 and 23 respectively.

Corporate Governance Code Compliance

The Stock Exchange's Corporate Governance Code in Appendix C1 of the Listing Rules (CG Code) forms the basis of the HSH Corporate Governance Code (HSH Code). Our Board recognises the principles underlying the CG Code and has applied these principles to our corporate governance structure and practices, as disclosed in this Governance section.

Throughout 2024 we have complied with all of the code provisions and recommended best practices in the CG Code with the exception of the following:

Publication of quarterly financial results

The Board believes that the businesses of the group are characterised by their long-term and cyclical nature, while quarterly financial results reporting encourages a short-term view on performance. To keep our shareholders informed, we instead issue quarterly operating statistics setting out key operating information; and

Disclosure of individual senior management remuneration

We do not disclose the remuneration of individual senior management. However, we have complied with CG Code provisions and disclosed the remuneration payable to senior management by band in our Remuneration Committee Report.

Environmental, Social and Governance Reporting Code

Our Corporate Responsibility and Sustainability Report[19] has been prepared in accordance with the provisions as set out in Environmental, Social and Governance Reporting Code (ESG Code) in Appendix C2 of the Listing Rules. In line with international best practice and to have more in depth discussion on industry-specific and other sustainability topics, the CRS Report also references the Global Reporting Initiative Sustainability Reporting (GRI) Standards, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, the Sustainability Accounting Standard Board (SASB), and the International Sustainability Standards Board (ISSB)'s IFRS S2 Climate-related Disclosures (ISSB Climate Standard). KPMG was commissioned to conduct limited assurance and to provide an independent conclusion on selected information of the CRS Report.

Privacy and Technology Compliance

We continue to monitor relevant regulatory changes which relate to our business and to ensure we operate consistently with applicable regulatory requirements such as undertaking the necessary filings under the People's Republic of China's Personal Information Protection Law (PIPL), facilitating compliant cross border data transfers within our group. We remain committed to safeguarding the privacy rights of our guests and employees in accordance with all applicable laws and regulations. Our ongoing efforts include regular updates on our internal knowledge hub, as well as in-person and online trainings on privacy legislation, compliance requirements, and the evolving challenges and risks in this highly regulated area. In addition, we updated our group-wide Data Privacy and Security Policy, our Data Privacy Manual and introduced a new data privacy video to ensure our people understand the key privacy principles.

Other Compliance Matters

Appointment and re-election of Directors

The appointment and re-election of Directors are governed by the Nomination Policy which is set out below. In 2024, the nomination and appointment of Mr Benjamin Vuchot, followed the selection criteria as well as the nomination process and procedures of the Policy as disclosed in the next section. The company confirms that all Directors' re-elections were conducted in compliance with the CG Code in 2024. NEDs are appointed for a term of three years. All Directors are subject to a term of re-election every three years. Details of the Directors who will retire and offer themselves for re-election in the 2025 AGM are set out in the Directors' Report on page 207.

Nomination Policy[20]

Our Board recognises the benefits of diversity and ensures that the selection criteria including contribution and time commitment, nomination process and procedures set out in the Nomination Policy, and summarised on the next page, are followed when proposing a candidate for nomination or a Director for election or re-election.

19 Posted on the company website: www.hshgroup.com/en/sustainable-luxury/sustainability-reports
20 Posted on the company website: www.hshgroup.com/en/corporate-governance

Corporate Governance Report

Nomination Committee	Board	Shareholders
• Proposes a candidate for nomination or a Director for election or re-election based on merit with reference to the Board Diversity Policy and Listing Rules requirements • Considers the contribution and time commitment of the candidate or Director put forward for election or re-election • Makes recommendations to the Board as appropriate	• **Newly appointed Directors** are subject to election by shareholders at the annual general meeting following the appointment • **Existing Directors** are subject to re-election by shareholders every three years	• Approves the appointment or re-election of Directors at the company's general meeting • Separate resolution will be put to vote for individual appointment or re-election

Time commitment of Directors

The Board knows that it is important that all Directors should be able to dedicate sufficient time to the company to discharge their responsibilities. The letters of appointment for NEDs and INEDs, and service contracts for Executive Directors, contain guidelines on expected time commitments required for the company's affairs. Each individual confirmed his or her understanding of such time commitment when the appointment was accepted. In addition, the Board has tasked the Nomination Committee with the responsibility for reviewing, on an annual basis, the expected contributions from the Directors and whether they are spending sufficient time performing their responsibilities.

All Directors have confirmed to the company that they have given sufficient time and attention to the company's affairs throughout 2024. The Nomination Committee is satisfied that the Directors had positively contributed to the company's affairs, discussions and decisions, as reflected in their participation in the Board and Governance Board Committee meetings during the year. The Board concurred with this conclusion.

Independence of INEDs

The independence of the INEDs is relevant to the Board's balance and assessed on a regular basis to ensure they remain capable of providing unbiased and objective contributions. The company has received written confirmations of independence from each of its seven INEDs who served in 2024. Beyond the formal confirmation of independence, it is of overriding importance that each INED has an independent mindset, brings the right experience, and is prepared to challenge the Board in a constructive fashion. The Nomination Committee and the Board continue to believe that it is not appropriate to apply an arbitrary period of service beyond which a director is assumed to have lost his or her independence, but will carefully consider the recently published new Listing Rules in relation to this issue. In the meantime, the Board will continue to review the independence of its INEDs by assessing whether they remain independent in character and judgement and continue to offer an objective and constructive challenge to the assumptions and viewpoints presented by the management and the Board.

The Nomination Committee and the Board considered that (i) all seven INEDs who served in 2024 were and continued to be independent in accordance with the independence guidelines set out in rule 3.13 of the Listing Rules, (ii) there were no business, other relationships, or circumstances which are likely to affect the judgement of any of the INEDs, and (iii) they continued to bring an independent view to our Board discussions and strategy oversight.

Mechanisms for ensuring independent views and input

The company has established channels for our INEDs to express their views and input to the Board and its Committees. These include INEDs having access to management at all times on any queries they may have. All INEDs are given regular updates, from monthly CEO summaries to minutes of all Governance Board Committees and the Executive Committee to allow them to make informed decisions. The Chairman meets INEDs annually on his own to seek their views, and these views are then discussed at the Board. Board strategic meetings or strategic discussion and Board evaluations are usually arranged every two years with the full participation of INEDs. There are also multiple informal settings, such as Board lunches and operations visits, where INEDs have the opportunity to express their views outside of the boardroom.

The Board has reviewed these channels and confirmed that the company has sufficient mechanisms to ensure independent views and input are available to the Board and these mechanisms remain effective.

Dealings in company securities

All Directors conduct their dealings in accordance with the company's Code for Dealing in the Company's Securities by Directors (Securities Code), which contains terms no less exacting than the standards set out in the Stock Exchange's Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Listing Rules (Model Code). Directors must seek approval before engaging in any dealing.

All Directors have confirmed their full compliance with the required standards set out in the Model Code and the Securities Code in 2024. Details of the shareholding interests held by the Directors of the company as at 31 December 2024 are set out on pages 208 and 209.

Our Securities Code is extended to specified employees including senior management and leaders of key functions who may from time to time come across inside information. All specified employees have also confirmed their full compliance with the required standards set out in the adopted Code for Dealing in the Company's Securities by Specified Employees. Brief particulars and shareholding interests of the senior management are set out on pages 169 to 171, and 209 respectively.

Directors' disclosure on conflict of interest

We have established procedures to ensure we comply with disclosure requirements on potential conflicts of interests. All Directors are required to disclose the following sets of information in relation to their interests upon appointment and on an annual basis:

- The number and nature of offices they hold in listed companies or organisations and other significant commitments (if any) and their time involvements
- Their interests as a Director or shareholder in other companies or organisations significant to the businesses of the company
- Whether he or she (other than an INED) or any of his or her close associates has an interest in any business which competes with the group, and none of them has any competing interests which need to be disclosed pursuant to rule 8.10 of the Listing Rules

In 2024, all Directors have fulfilled these disclosure requirements.

We have also extended the annual disclosure requirements on potential conflict of interests to senior management (other than the Executive Directors) and leaders of key functions, which have also been fulfilled.

In addition, all Directors are required to declare the nature and extent of their interests, if any, in any transaction, arrangement or other proposal to be considered by the Board. In 2024, no potential conflict of interest was determined by the Board to be material other than the details disclosed in note 31(d) to the financial statements.

Codes and terms of reference

We reviewed our governance and securities codes and the relevant terms of reference of the Board and each Board Committee.[21] We made relevant changes to the HSH Code, Terms of Reference of the Board and of the Nomination Committee to align with some of the upcoming changes to the Listing Rules. In light of the revised CG Code and Listing Rules which will take effect on 1 July 2025, the company will undertake a further review to ensure appropriate alignment.

The full terms of reference of the Board and each Board Committee can be viewed on the company website.[22] and those of the Governance Board Committees[23] are also published on the Stock Exchange website. The Governance Board Committees' reports are set out on pages 197 to 205.

21 Audit, Nomination, Remuneration, Executive, and Finance Committees
22 www.hshgroup.com/en/corporate-governance/board-committees
23 Audit, Nomination, and Remuneration Committees

Corporate Governance Report

Internal control procedures on connected transactions

We have implemented a series of measures to ensure our connected transactions are conducted in compliance with the connected transaction rules. These measures include: (i) tracking all current and potential connected transactions semi-annually, (ii) requiring Group Legal review before any potential connected transactions are entered into, (iii) monthly connected transactions reports for monitoring purposes, and (iv) an annual review of the connected transactions by the Audit Committee.

With respect to the connected transactions for the financial year of 2024, the Audit and Risk Management Department and the Audit Committee have reviewed all relevant connected transactions and the adequacy and effectiveness of the internal control procedures of connected transactions.

Annual Report and Corporate Responsibility and Sustainability Report

The annual report and CRS Report are both important channels for the company to provide shareholders and stakeholders with a balanced assessment of our financial and non-financial performance as well as our commitment to the high standards of corporate governance and the evolving nature of our environmental, social and governance practices. We are constantly striving to improve the clarity and transparency of our reporting. This is recognised in the awards we received for last year Annual Report and CRS Report. Details can be found in the “Awards in 2024” section on page 134.

In March 2025, the Board reviewed and approved the 2024 Annual Report and CRS Report.[24] With respect to the Directors’ responsibility for preparing the financial statements for the year ended 31 December 2024, please refer to the Directors’ Report set out on pages 210 and 211.

High Standards of Corporate Governance

Over the years, we have established a strong commitment to upholding high standards of corporate governance and business integrity. As we strive for continued success, we remain dedicated to continuously improving our corporate governance practices.

By order of the Board

Christobelle Liao
Chief Corporate and Governance Officer
31 March 2025

24 Posted on the company website: www.hshgroup.com/en/sustainable-luxury/sustainability-reports

Group Risk Committee Report

“Emerging from one of our most challenging periods, we focus on effective risk management to enhance resilience, foster innovation and drive efficiency. These efforts steer decisions towards sustainable growth, adaptability and success.”

Christobelle Liao
Chair of the Group Risk Committee
31 March 2025

Composition	Chair	Ms Christobelle Liao, Chief Corporate and Governance Officer
	Members	Chief Financial Officer Chief Operating Officer Chief Property Development Officer Chief Information Officer Group General Manager of Audit and Risk Management
Meeting Frequency	• Quarterly • Four meetings in 2024	
Responsibilities	• To identify and assess the principal risks at group level and their corresponding mitigating treatments, as well as monitor the actions for critical and major incidents within the group • To facilitate the process whereby each operation and project defines its business objectives, addresses the risks identified, conducts self-assessment of internal control activities and tracks progress of mitigating plans • To regularly review, assess and update key risks and related contingency plans to Group Management Board (GMB) for endorsement by the Audit Committee and the Board	

With our risk governance structure and the Three Lines Model described on pages 182 to 184 in place, we have adopted across the group a practical, easy to understand 5-step risk management methodology.

Group Risk Committee Report

5-Step Risk Management Methodology

Whilst risk management is an ongoing and continuous process embedded into day-to-day business activities, the formal evaluation of risk is a semi-annual process starting with the evaluation of the external and internal context and the identification of risk factors which have impacted the strategic, operational, financial or compliance objectives of each business unit. This is followed by the analysis of the likelihood and magnitude or change of impact (both financial and non-financial – such as operational and reputational) of each risk. Controls in place or new actions to be implemented to mitigate the risks are then identified with their effectiveness assessed. Thereafter, each business unit is required to assess the level of residual risks. Further actions must be taken if controls are inadequate to address the risks, or existing controls are not effective to reduce the risk to a tolerable level.

Assessments from all business units are ultimately aggregated to compile a portfolio view of risks. Such a process allows swift action to be taken by assessing similar risks across the other businesses, and allows the sharing of best practices, forming of group strategy on specific risks and responding to significant changes in the business environment.

Key Focus in 2024

The Peninsula London project recovery

The Peninsula London project final accounts process is ongoing. The outcome is still somewhat uncertain and significant effort is being made to keep any potential negative impact on the previously disclosed budget to an acceptable amount.

The Peninsula London Residences

The current political and economic environment also presents a certain element of risk to the sale of the remaining residences. Potential buyers of The Peninsula London Residences may adopt a 'wait-and-see' approach. These sales are important in reducing our net debt and consequence interest expense cost.

Operating performance

In 2024, operating performance was identified as a new principal risk with a risk assessment being high. Operating performance remains challenging across key markets including Hong Kong, London and Istanbul. The Peninsula Hong Kong has faced continued difficult market conditions since 2019, and both the operations of The Peninsula London and The Peninsula Istanbul remain as expected in the ramp up phases since opening in 2023. The latter contends with a number of head winds such as geopolitical tensions, currency volatility and inflationary pressures. The slow-down in Chinese spend has also impacted our Peninsula Merchandising business.

In response, we have enhanced our management and financial discipline by prioritising active asset management, as well as deploying new balanced scorecards and refined KPIs.

Environmental, social and governance (ESG) risks

Climate change continues to be the most challenging ESG issue that could pose physical and financial risks to the company. Potential consequences include increased insurance costs, negative impact on asset valuation, disruption of business operations and supply chains, affecting accessibility or attractiveness of a location resulting in reduced demand for our products and services, additional operating costs and capital expenditure, as well as a more stringent regulatory environment.

In 2024, we focused on conducting in-depth assessments on the physical climate risk exposure of our assets, and identifying carbon reduction opportunities for each asset as part of our climate risk mitigation efforts. We are planning to incorporate physical climate risk results in our operation risk register exercise starting in 2025 to assess the effectiveness of the adaptation measures that are in place.

More details about our approach to managing climate change and other ESG risks can be found in our online CRS Report and Climate-related Disclosures.[25]

25 www.hshgroup.com/en/sustainable-luxury/sustainability-reports

Other Principal Risks

The principal risks of the group are monitored and reviewed on an ongoing basis, by focusing on the environment, business conditions and organisational changes. In 2024, specific focus was on the following areas of principal risks:

Macroeconomic and political environment

As a multinational corporation, our business is impacted by geopolitical dynamics. Issues such as global trade restrictions, impositions of tariffs, and instability caused by conflicts in Ukraine and the Middle East, all impact the global economy and may affect our supply chain as well as travel patterns. Consumer spending slowdown and stagflation expectations could also negatively impact the revenue and operations of our properties. Regular risk and performance reviews of operations, properties and projects are carried out during the year.

Business dependency on Hong Kong

A significant portion of our group earnings has historically been contributed by our operations in Hong Kong. Such business dependency implies that the economic and political trajectory of the city has a significant impact on our business, earnings and asset values. To manage this risk, we have been improving revenue management and revisiting pricing strategies for our properties. In addition, our strategy has always been on diversification of earnings and exploring alternative revenue streams outside Hong Kong resulting in investments such as The Peninsula London and The Peninsula Istanbul.

Competition in all markets

It has been challenging to realise the desired gains in revenue due to increased competition from new hotels entering the markets we operate in and from recently renovated competitors targeting the same clientele.

We are constantly striving to better understand our customers and their needs, as well as looking at upgrading products to differentiate our services from other competitors.

Labour shortage and wage inflation

In 2024, we have addressed the issue of labour shortages by strengthening our employer branding, reviewing pay and benefit programmes, upskilling our Talent Acquisition teams, and introducing Emerging Managers Programme to support their desire to reach their potential. In the coming year, our priority is to develop a robust succession roadmap and build both internal and external talent pipelines for the group.

Nonetheless, labour shortage in the hospitality industry and wage inflation remain a long-term principal risk worldwide, as it continues to be challenging to find suitable talent who are committed to working irregular hours and the overall demands of the industry.

Foreign exchange and interest rates

Foreign exchange and interest rate fluctuations may lead to volatility in our financial statements and ratios. Unfavourable movements may increase our cost of securing financing. While there is an overall market expectation of decreasing interest rates in the coming year for USD, HKD and GBP, we have nonetheless been regularly reviewing major foreign exchange transactional and capital expenditure exposures and relevant financial ratios. To mitigate these risks, we have adopted a proactive management, such as balancing of fixed and floating rate loan exposures, and conducting regular stress testing.

Our leasing business

Although our residential leasing business has been improving, the recovery has been slow. In addition, retail tenants have been affected by significant outbound travel to Shenzhen and other Greater Bay Area cities impacting consumption spend in Hong Kong. A softer outlook for mid, high end and luxury retail may impact the stability of retail tenants. We have focused our efforts on enhancing our marketing initiatives to attract potential tenants, and on creating a welcoming and more sustainable business environment.

Cybersecurity

Failure of information technology services due to internal or external circumstances, either malicious or unintentional, may result in financial loss, business disruption, and damage to reputation. Further enhancements have been conducted by Group Information Technology to strengthen system and email security by reviewing security configuration, updating malware protection to align with latest market standards and integrating new malware protection to extend the coverage of the Security Information and Event Management (SIEM).

With cyber-attacks on the rise, we ensure our management and employees understand how to identify, respond to and prevent potential cybersecurity threats. We have increased the number of simulated phishing emails being sent out to test our employees' awareness, and we continue to provide mandatory refresher e-training on cybersecurity on top of specific e-mail phishing training to all relevant employees.

Group Risk Committee Report

Principal Risk in 2024

Principal Risk	Risk Category
DISASTER EVENTS	External
MACROECONOMIC AND POLITICAL ENVIRONMENT	External
COMPETITION	External
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)	External
BRAND AND REPUTATION	Strategic
BUSINESS DEPENDENCY	Strategic
THE PENINSULA LONDON PROJECT RECOVERY	Strategic
THE PENINSULA LONDON RESIDENCES	Strategic
RETAIL, COMMERCIAL AND RESIDENTIAL LEASING	Strategic
FOREIGN EXCHANGE AND INTEREST RATES	Financial
OPERATING PERFORMANCE	Financial
CYBERSECURITY	Operational
LABOUR SHORTAGE AND WAGE INFLATION	Operational
DATA PRIVACY	Compliance

2025 Major Initiatives

In 2025, the GRC's main focus will continue to be on (i) overseeing risks pertinent to the new hotels' operations, (ii) enhancement of internal controls to manage the strategic, financial, operational and compliance risks of the group, and (iii) a focus on communication, awareness and ownership of risks and controls, especially on ESG risks across the group.

Group Corporate Responsibility Committee Report

"Tackling the issue of climate change remains our focus for the coming decades and will require coordinated efforts from all areas of our business. The Committee will continue to work on reviewing our decarbonisation goals alongside our broader business strategy, identifying key opportunities and how this will impact our long-term capital spending and investment planning."

Christobelle Liao
Co-Chair of Group Corporate Responsibility Committee
31 March 2025

Composition	Chair	Mr Benjamin Vuchot, Chief Executive Officer (Committee Co-Chair) Ms Christobelle Liao, Chief Corporate and Governance Officer (Committee Co-Chair)
	Members	Chief Financial Officer Chief Operating Officer Chief People and Culture Officer Director, Corporate Responsibility and Sustainability Select Heads of corporate departments and representatives from operations
Meeting Frequency	• At least three meetings each year • Four meetings in 2024	
Responsibilities	• To propose, recommend, monitor and report to the Group Management Board and support the Board of Directors on corporate responsibility and sustainability (CRS) strategy, including the implementation of the company's *Sustainable Luxury Vision 2030* • To review practices, standards, trends, regulations, plans related to CRS topics that may have an impact on the operations of the group	

Our Sustainability Approach

Our sustainability approach is encapsulated within our *Sustainable Luxury Vision 2030 (Vision 2030)*, our company strategy to address key sustainability issues, manage related risks, and minimise negative impact on our business and communities. We focus on the following the key issues:

- diminishing natural resources such as energy, water and food;
- the climate change crisis; and
- growing social instabilities and inequalities.

Additional Information on how we seek to address these issues, as well as on our overall Corporate Responsibility and Sustainability (CRS) approach, can be found in our online CRS Report.[26]

26 www.hshgroup.com/en/sustainable-luxury/sustainability-reports

Group Corporate Responsibility Committee Report

Governance on CRS

Integration of sustainability into our business strategies benefits the group in both the short and long term. The Board considers this to be of substantial importance, warranting yearly review of the group's strategy and performance. Our Group Corporate Responsibility Committee (GCRC) manages all aspects of the implementation of *Vision 2030*. GCRC reports to the Group Management Board on key updates, and to the Group Risks Committee on related risk mitigation actions and adaptation strategies. On a yearly basis, the Director of CRS reviews the progress of *Vision 2030* with the Audit Committee and the Board.

Key Work in 2024

Corporate strategy

- Reviewed sustainability performance against industry peers on main ESG ratings and benchmarking platforms, and identified improvement actions
- Conducted stakeholder engagement exercise with members of the Board and senior management to obtain internal feedback on *Vision 2030* using "double materiality" approach. Results of this exercise were discussed with the Board
- Discussed the decarbonisation roadmap for Scope 1 and 2 greenhouse gases (GHG) emissions, and the key risks and opportunities for each asset including forecasting the required capital spend and investment
- Reviewed actions required to conduct Scope 3 emissions inventory as part of the decarbonisation roadmap, and approved workplan to commence in 2025
- Annual review of the company's green and sustainability-linked loans

Disclosure and compliance

- Conducted gap analysis on updated ESG disclosure requirements and new reporting standards, for example, those set by the International Sustainability Standards Board, Hong Kong Stock Exchange, and more
- Reviewed annual Modern Slavery Statement, key work completed in 2024 and actions planned for coming year
- Monitored regulatory developments in the jurisdictions we operate in

Vision 2030

- Discussed ways to strengthen external communication of our efforts, targeting stakeholders through various channels
- Reviewed the proposed actions to close gaps on single-use plastics and cage-free eggs transition commitments that are due in 2025
- Reviewed latest textile innovations and the current approach in upcycling linen in our operations
- Reviewed effectiveness of *Vision 2030* internal engagement initiatives, using insights to inform the 2025 group-wide campaigns developed to further enhance colleague's awareness
- Reviewed outcomes of the Honing Skills for Hospitality programme relaunch in five Hong Kong operations and discussed opportunities to expand vocational training programmes for under-represented communities in global operations

Looking Forward

In 2025, GCRC will focus on (i) fine-tuning and revising *Vision 2030* commitments and targets based on results from benchmarking and stakeholder engagement, (ii) conducting further study on technical feasibility of proposed decarbonisation initiatives, (iii) incorporating climate risks into each operation's risk register, and (vi) enhancing internal engagement programmes and training.

Audit Committee Report

"The Committee has consistently served as a vital support for the Board in areas such as internal control, corporate governance, risk management, financial reporting and the comprehensive independent assessment of the group's principal risks and risk tolerance."

Patrick Paul
Chairman of the Audit Committee
31 March 2025

Composition	Chairman: Mr Patrick Paul, INED Members: Ms Ada Tse, INED Mr Andrew Brandler, NED
Meeting Frequency	• At least four times every year with senior management, the external auditor and Group General Manager, Audit and Risk Management in attendance by invitation • Four meetings in 2024
Responsibilities	• To assist the Board in carrying out its responsibility of overseeing financial reporting, external audit, internal audit, risk management, internal controls and corporate governance

Key Work in 2024

Annual/Interim Report and Financial Information

- Reviewed and endorsed the 2023 Annual Report, Corporate Responsibility and Sustainability Report, and the annual results announcement, as well as the 2024 Interim Report and the interim results announcement

Internal and external audits

- Approved updates to the 3-year internal audit plan focusing on the (i) collection, recording, and reporting process of financial data, (ii) supplier tendering, payment, and spend monitoring process; and (iii) personal data privacy risks
- Reviewed and discussed key internal audit findings, related recommendations and the progress of implementation of those recommendations
- Reviewed KPMG's audit report on the financial statements for the 2023 Annual Report and discussed the key observations identified by KPMG during the course of their audit and the related recommendations
- Reviewed 2024 audit plans and reports from KPMG on its audit scope, approach, areas of focus, and IT audit plan and timeline
- Noted the external auditor's assurance of the Corporate Responsibility and Sustainability Report

Financial reporting system, risk management and internal control systems

- Reviewed the progress of the roll-out of the global finance system and the implementation issues
- Reviewed the valuation process and the methodology adopted by independent valuers for revaluing the group's investment properties. Discussed the impairment assessment for the existing hotels and hotel projects and agreed that no impairment was required in 2023
- Reviewed adequacy of resources, staff qualifications and experience, and training programmes of the group's accounting, internal audit, financial reporting and CRS functions
- Reviewed and endorsed the half-yearly Group Risk Management Report detailing the principal risks faced by the group, mitigation measures and the adequacy and effectiveness of risk management and internal control systems

Audit Committee Report

- Considered summaries of the internal representation letters from business operations which in turn formed the basis by which management confirmed the effectiveness of the group's risk management and internal control systems
- Reviewed and approved the representation letters to the external auditor before issuance of the 2023 Annual Report, 2023 Corporate Responsibility and Sustainability Report, and 2024 Interim Report

Environmental and social

- Reviewed global climate-related disclosure trends and upcoming requirements, identifying gaps in our current reporting
- Assessed the company's sustainability programme including an update on progress toward our sustainability targets and the planned actions for 2025
- Reviewed the environmental and social risks that the group are facing and how these risks are managed through *Vision 2030*

Governance

- Reviewed the proposed amendments to the Listing Rules regarding corporate governance matters, along with our submitted response to these proposals
- Reviewed the corporate governance documents including the HSH Code, Securities Code, Terms of Reference of Board and Audit Committee, Shareholder Communication Policy and the Speak Up Policy[27] and endorsed the relevant changes needed to align with relevant upcoming changes to the Listing Rules for the Board's approval
- Reviewed the group's communication channels, shareholders and investors engagement activities conducted in 2024,[28] and confirmed its satisfaction with the implementation and effectiveness of the Shareholder Communication Policy
- Reviewed all connected transactions and material related party transactions, including endorsing the renewal of the office lease for the group's Head Office for Board approval

Others

- Reviewed the group's tax position and associated tax issues, and the impacts arising from the changes in the tax laws and regulations, and the relevant actions being taken
- Endorsed the Group Tax Strategy for publication on the company website[29] to comply with UK tax disclosure requirements for Board approval

As the Chairman of the Audit Committee, I have met separately with the Group General Manager, ARM and the external auditor without management being present during the year.

Based on the reports from Group General Manager, ARM, summaries of internal representation letters and reports of the external auditor, the Audit Committee considers the overall operational, financial reporting and compliance controls, risk management and internal control systems for the group during 2024 to be effective and adequate. Issues raised by the internal and external auditors during 2024 have been, or are being addressed by management, and the Audit Committee advised the Board that there are no issues required to be raised to shareholders.

In March 2025, the Audit Committee reviewed and endorsed this annual report, the Corporate Responsibility and Sustainability Report, which is posted on the website,[30] and the annual results announcement, and recommended the same to the Board for approval.

Reviewing the Independence of our External Auditor

The group's external auditor is KPMG. We believe the independence of our external auditor is crucial to the effectiveness of our corporate governance and should not be compromised. The issue of auditor independence is reviewed annually. We give particular attention to the extent of non-audit work performed by the external auditor to satisfy ourselves that the provision of such services does not impair KPMG's independence and objectivity. The lead partner of the external auditor rotates every seven years. In engaging the external auditor for non-audit work, we also take into account the internal guideline adopted to monitor the amount of non-audit work given to the external auditor. The Committee has recommended to the Board the re-appointment of KPMG as independent auditor for shareholders' approval at the 2025 AGM.

A summary of fees for audit and non-audit services to KPMG for the financial years ended 31 December 2024 and 2023 is as follows:

Nature of Services	**2024 HK$m**	2023 HK$m
Audit Services	**12**	11
Non-audit Services		
Taxation and other services	**3**	4

Looking Forward

The Committee's work to support the company's core internal control mechanisms remains crucial and this will continue with 2025 aiming to be a year of financial stabilisation.

27 Please also refer to page 183 on Speak Up Policy
28 Details on shareholders engagement can be found on page 185
29 www.hshgroup.com/en/corporate-governance
30 www.hshgroup.com/en/sustainable-luxury/sustainability-reports

Nomination Committee Report

> “We are pleased to welcome Mr Benjamin Vuchot, Mr Keith Robertson and Mr Gareth Roberts to the Board. We also continue to value the contributions of our newly appointed Deputy Chairman, Mr Philip Kadoorie, who brings fresh perspectives to our leadership. Together with the other Board members, they will play a vital role in driving our strategic vision and fostering a culture of excellence as we move forward.”

The Hon. Sir Michael Kadoorie
Chairman of the Nomination Committee
31 March 2025

Composition	Chairman: The Hon. Sir Michael Kadoorie, Non-Executive Chairman Members: Dr the Hon. Sir David Li, INED Dr William Fung, INED
Meeting Frequency	• At least two meetings every year • Three meetings in 2024
Responsibilities	• To evaluate the structure, size and composition of the Board • To identify new Directors and recommend them for appointments • To maintain an appropriate, adequate, effective and balanced Board • To review the independence of INEDs • To review the Board members' contributions, and training and continuous professional development • To assist the Board in maintaining a Board skills matrix and to support the Board in a regular evaluation of its performance

Board Composition and Diversity

A diverse Board brings constructive challenge and fresh perspectives to Board discussion. The company approaches diversity in the broadest sense, recognising the benefits of a diverse mix of skills, knowledge, age, race, gender and experience on its Board, whilst not compromising on the central principle of appointments based on merit. The Nomination Committee has reviewed the Board Diversity Policy[31] during 2024 to ensure that it remains effective and that the measurable objectives set out therein remain relevant and up to date.

31 Posted on the company website: www.hshgroup.com/en/corporate-governance

Nomination Committee Report

In anticipation of Mr Clement Kwok's retirement on 31 October 2024, we engaged an executive search consultant. Shortlisted candidates were interviewed by senior management and members of the Nomination Committee. The Nomination Committee reviewed the selection and assessment approach and endorsed the appointment of Mr Benjamin Vuchot as an Executive Director and the Chief Executive Officer effective from 3 March 2025. Mr Vuchot has over 30 years of experience in the luxury retail business with two leading global groups, Richemont and LVMH.

To tie over the retirement of Mr Clement Kwok to Mr Vuchot's commencement date, the Nomination Committee concurred with the Board's approval to appoint Ms Christobelle Liao as the Interim Chief Executive Officer from 1 November 2024 to 2 March 2025.

For an overview of the other key appointments of 2024, please refer to the 2024 in a Nutshell on page 154.

The Committee considered that the individual expertise, background and experience of the new Executive Directors would introduce fresh ideas and meet the Board's desire to bring varied insights to the business. Their appointments followed the approach set out in our Board Diversity Policy and the appointments process followed the selection criteria, nomination process and procedures set out in our Nomination Policy.[32]

The Nomination Committee reviews the composition, balance, skills and experience of the Board annually. It confirmed that the Board has continued to contribute positively, with diverse views from each Director based on the wide mix of skills, knowledge, and experience.

The Committee continues to believe that the current size of the Board enables it to benefit from a diverse set of views based on the different backgrounds and experiences of all Directors. In addition, the Committee is committed to keeping no less than three female directors on the Board and increasing the number of female directors where possible, taking into account its overarching objective to identify the right person for the role. On the basis that we currently have four female directors on the Board, the Committee remains of the view that the existing gender mix is sufficient. The gender mix and Board Diversity Policy will be reviewed on an annual basis and it is noted that the Board concurred with the views of the Committee.

Other Key Work in 2024

The Nomination Committee assessed and reviewed all INEDs' confirmations of independence and the cross-directorships of Dr Rosanna Wong[33] and Mr Philip Kadoorie who each served on the board of CK Hutchison Holdings Limited. The Nomination Committee considered that all seven INEDs who served in 2024 were and continued to be independent in accordance with the independence guidelines set out in rule 3.13 of the Listing Rules and that there were no business or other relationships or circumstances which are likely to affect the independent mindset of any of the INEDs and they continue to bring an independent view to our Board discussions and strategy oversight.[34]

The Committee reviewed the training and continuous professional development of Directors[35] also evaluated the contribution and time commitment of Directors (including INEDs)[36] put forward for re-election as well as their respective skills and experience and recommended them for re-election at the 2024 AGM.

In addition, the Committee further reviewed its own terms of reference and the Nomination Policy. It revised the terms of reference to align with the updated Listing Rules, and confirmed that the Nomination Policy remained relevant and no revision was required.

In March 2025, the Committee approved this report for inclusion into the company's 2024 Annual Report and nominated the Directors for re-election at the 2025 AGM with assessment on INED independence, contribution, time commitment and cross-directorships.[37]

Looking Forward

The Nomination Committee is committed to a gradual board refreshment strategy that will focus on identifying and integrating qualified candidates, with a view to further strengthen our Board and support the company's long-term strategic objectives. We will also carefully review the new Listing Rules effective from 1 July 2025 and update the Nomination Committee's approach as appropriate.

32 Please also refer to pages 187 and 188 on Nomination Policy
33 Dr Rosanna Wong served as an INED of CK Hutchison Holdings Limited until May 2024 and does not hold any shares in this company
34 Please also refer to page 188 on Independence of INEDs
35 Please refer to page 181 on Directors training records
36 Please also refer to page 188 on time commitment of Directors
37 Details of the Directors who stand for re-election at 2025 AGM can be found on page 207 of the Directors' Report and the AGM Circular dated 14 April 2025

Remuneration Committee Report

"The Committee has emphasised the importance of fair and competitive pay for our Board and senior management, enabling us to attract global talent, whilst ensuring alignment with the company's financial capabilities."

Patrick Paul
Chairman of the Remuneration Committee
31 March 2025

Composition	Chairman Mr Patrick Paul, INED Members Dr Rosanna Wong, INED Mr Andrew Brandler, NED
Meeting Frequency	• At least two meetings every year with the Chief Executive Officer and Chief People and Culture Officer in attendance • Three meetings in 2024
Responsibilities	• To review and approve remuneration packages for Executive Directors and senior management • To review and recommend proposals for Non-Executive Directors' fees and Board Committee Chairmen and members' fees for approval by shareholders and the Board respectively

HSH Rewards Philosophy

HSH's Rewards philosophy is to ensure that compensation and benefits designed for the group and its executives accord with an overall framework of guiding principles. We work within this framework to adjust compensation and benefits as appropriate in light of changing financial and market conditions. Our objective remains to attract and retain high performing talent by offering a mix of financial and non-financial rewards to stay competitive and meet our employees' expectations.

Key guiding principles

- Aim to pay a total remuneration package that is competitive with the relevant external market and achieves consistency and fairness with existing employees
- Design an appropriate mix of fixed and variable pay, taking into account the group's pay policy and market practice to incentivise management and individual performance
- Provide meaningful and competitive benefits that resonate with our corporate values on employee care and inclusion, encourage long-term careers, and brand HSH as an employer of choice

Remuneration for Executive Directors and Senior Management

The Committee recognises that there is a competitive market for successful executive talent and believes that remuneration packages being offered must be set competitively with the market in order to attract, retain and motivate the group's key executives.

Remuneration Committee Report

As part of its scope of responsibility, the Committee is involved in reviewing and approving the terms of service of all Executive Directors and senior management. No individual is involved in determining his or her own remuneration.

There are four components of remuneration paid to Executive Directors and senior management:

Basic compensation

Basic compensation includes salary and other allowances and the general policy is to set them at a level required to retain and motivate, taking into account the scope and complexity of responsibilities, market pay levels in the defined markets, as well as individual performance.

Bonuses and incentives

The provision of appropriate bonus and incentive awards for performance is vital to the continued growth to the business. Executive Directors' bonuses consist of contractual and/or discretionary short-term and long-term incentives, while other senior management participates in the HSH Management Bonus Plan[38] which is a short-term incentive scheme calculated by reference to financial and non-financial considerations.

Retirement benefits

The Executive Directors and most of the senior management participate in the company's retirement plan which is a scheme set up under the Occupational Retirement Scheme Ordinance of Hong Kong. The employer contributions to the company's plan for the Executive Directors, senior management and all other Hong Kong employees are made according to the plan's defined contribution level and vesting conditions. Employees can opt to contribute voluntarily.

Other benefits

The benefits available to Executive Directors and senior management include, but are not limited to, health, life, disability and accident insurance.

Remuneration for Non-Executive Directors

Fees for Non-Executive Directors (NEDs) are fixed at shareholders' general meetings, while any additional fees for serving on Board Committees are fixed by the Board. The Committee has the responsibility for reviewing management's annual recommendations for these fees. Factors taken into account in this process include estimated time spent in the discharge of these duties and benchmarking against other Hong Kong listed companies of similar size and activities as well as other international companies. After review, the Committee makes recommendations to the Board.

As disclosed in last year's annual report, the Board in December 2023 approved the Committee's proposal that for 2024, the fees for NEDs and INEDs be fixed at HK$370,000 and HK$430,000 per annum, respectively. The revised fees were approved by the shareholders at the AGM on 8 May 2024, took effect on the same date and were paid to the NEDs and INEDs on a pro rata basis for the financial year ended 31 December 2024.

In November 2024 the Committee concurred with management's proposal to maintain the fees at the current levels, having considered the company's financial position and market pay trends.

Other Key Work in 2024

2025 salaries

In 2024, the Committee noted management's recommendation on a group-wide 2025 general salary increase and approved a similar percentage salary adjustment to Executive Directors and senior management.

2023 bonuses

The Committee also reviewed and approved the bonus awards to Executive Directors and senior management as well as the HSH Management Bonus Plan proposal. All these adjustments were made after considering the financial performance of the group and other factors such as retention challenges, market pay trends and inflationary forecasts.

Remuneration packages of new CEO and former CEO and COO

The Committee reviewed and approved the remuneration package of the new CEO, Mr Benjamin Vuchot in the context of his individual qualifications and experience as well as market competitiveness.

The Committee also reviewed and approved (i) outstanding matters relating to the remuneration of former CEO Mr Clement Kwok, and (ii) the separation letters for the former CEO and COO.

Others

The Committee reviewed and confirmed its terms of reference remained relevant and no revision was required. It also approved the terms of the letters of appointment of two INEDs.

The Committee endorsed the changes to the medical plan benefits for executive-level employees and assessed the total remuneration of Grade A and B staff in comparison to market standards. Additionally, the Committee reviewed and endorsed the updated benefits policy for HSH Directors.

In March 2025, the Committee approved this report for inclusion into the company's 2024 Annual Report.

38 Senior staff also participates in the HSH Management Bonus Plan

2024 Remuneration of Directors and Senior Management

The following information is an integral part of the audited financial statements for the year ended 31 December 2024.

Non-Executive Directors – remuneration

Executive Directors serving on the Board and Board Committees are not entitled to any Directors' fees.

(HK$'000)	Board	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee	Total[(1)] 2024	Total[(1)] 2023
Non-Executive Directors							
The Hon. Sir Michael Kadoorie	354	100	–	–	40	**494**	465
Mr Philip L. Kadoorie	354	–	–	–	–	**354**	325
Mr John A.H. Leigh[(2)]	115	35	–	–	–	**150**	425
Mr Nicholas T.J. Colfer	354	–	–	–	–	**354**	325
Mr Andrew C.W. Brandler	354	100	165	60		**679**	650
Mr James L. Lewis	354	–	–	–	–	**354**	325
Mr Diego A. González Morales	354	–	–	–	–	**354**	245
Mr Peter C. Borer[(3)]	154					**154**	–
Mr William E. Mocatta [(4)]	–	–	–	–	–	**–**	81
Independent Non-Executive Directors							
Dr the Hon. Sir David K.P. Li	411	–	–	–	40	**451**	415
Mr Patrick B. Paul	411	–	200	100	–	**711**	675
Mr Pierre R. Boppe	411	–	–	–	–	**411**	375
Dr William K.L. Fung	411	–	–	–	40	**451**	415
Dr Rosanna Y.M. Wong	411	–	–	60	–	**471**	435
Dr Kim L. Winser	411	–	–	–	–	**411**	375
Ms Ada K.H. Tse	411	–	165	–	–	**576**	540
	5,270	235	530	220	120	**6,375**	6,071

Executive Directors – remuneration

The remuneration of Executive Directors of the company for 2024 was as follows:

(HK$'000)	Basic compensation	Bonus and incentives	Retirement benefits	Other benefits	Total[1] 2024	Total[1] 2023
Executive Directors						
Ms Christobelle Y.C. Liao[5]	5,242	5,839	524	134	11,739	8,703
Mr Keith J. Robertson[6]	4,522	2,358	427	236	7,543	–
Mr Gareth O. Roberts[7]	3,898	2,100	390	98	6,486	–
Mr Clement K.M. Kwok[8]	8,010	6,295	1,317	191	15,813	17,123
Mr Peter C. Borer[3]	3,354	2,522	543	288	6,707	10,409
Mr Christopher S.M. Ip[9]	–	–	–	–	–	5,360
	25,026	19,114	3,201	947	48,288	41,595

Notes:

(1) In line with industry practice, the group operates a scheme which encourages Directors and senior management to use the facilities of the group to promote its business. For this purpose, discount cards are issued to the Directors. The remuneration disclosed does not include the amount of discounts offered to the Directors and senior management

(2) Mr John A.H. Leigh retired as a Non-Executive Director with effect from 8 May 2024

(3) Mr Peter C. Borer was re-designated from Executive Director to Non-Executive Director with effect from 1 August 2024

(4) Mr William E. Mocatta retired as a Non-Executive Director with effect from 31 March 2023

(5) Ms Christobelle Y.C. Liao was appointed as an Executive Director with effect from 4 August 2023. The 2023 figure represents Ms Liao's full year remuneration

(6) Mr Keith J. Roberston was appointed as an Executive Director with effect from 29 January 2024

(7) Mr Gareth O. Roberts was appointed as an Executive Director with effect from 1 August 2024. The 2024 figure represents Mr. Roberts' full year remuneration

(8) Mr Clement K.M. Kwok retired as the Chief Executive Officer with effect from 31 October 2024 and remains as Executive Director until 7 May 2025

(9) Mr Christopher S.M. Ip resigned as an Executive Director with effect from 31 March 2023 and remained employed by the company until 31 July 2023

Senior Management – remuneration

Remuneration for senior management (GMB members other than Executive Directors*) disclosed pursuant to the Listing Rules falls within the following bands:

	2024 Number	2023 Number
HK$4,000,001 – HK$5,000,000	**2**	0
HK$5,000,001 – HK$6,000,000	**2**	4
HK$6,000,001 – HK$7,000,000	**1**	1

* GMB, the company's management and operations' decision-making authority. As at 31 December 2024, GMB comprised the four Executive Directors (2023: three) and five (2023: five) senior management who represent the various key functions and operations of the company

Individuals with highest remuneration

The five highest paid individuals of the group included three (2023: three) Executive Directors whose remuneration is set out above. The remuneration of the other two (2023: two) individuals with highest remuneration are within the following bands:

	2024 Number	2023 Number
HK$6.000,001 – HK$7,000,000	**2**	2

The aggregate of the remuneration in respect of these two (2023: two) individuals is as follows:

(HK$'000)	**2024**	2023
Basic compensation	**7,350**	7,275
Bonus and incentives	**1,239**	1,413
Retirement benefits	**458**	937
Other benefits	**4,659**	3,727
	13,706	13,352
Number of Individuals	**2**	2

The Committee has reviewed the methodology and benchmarking of the remuneration disclosed above and has endorsed and approved the same.

2025 and beyond

The Remuneration Committee is dedicated to enhancing our performance evaluation system to ensure consistent application across the group. We will review individual performance metrics to align them with our organisational goals as set out in the group and functional balanced scorecards, fostering a culture of accountability and driving sustainable growth.

Directors' Report

The Directors have submitted their report together with the audited financial statements for the year ended 31 December 2024.

Principal Activities

The principal activity of the company is investment holding and the principal activities of its subsidiaries, joint ventures and associates are the ownership, development and management of prestigious hotels and commercial and residential properties in key locations in Asia, the United States and Europe, as well as the operation of the Peak Tram, retail and other services.

Particulars of the principal subsidiaries of the company are set out in note 33 to the financial statements.

Business Review and Performance

Discussions on the group's businesses and performance during the year can be found throughout this annual report. A summary of the relevant sections in this Annual Report covering the required disclosures under the Companies Ordinance is set out below. These discussions form part of this Directors' Report.

Disclosures	Sections
(a) A fair review of the group's business and a discussion and analysis of the group's performance during the financial year 2024 and the material factors underlying its results and financial position, including analysis using financial key performance indicators	• Letter from the Chairman (pages 24 to 27) • CEO Statement and Strategic Review (pages 28 to 42) • Operational Review (pages 44 to 85) • Financial Review (pages 86 to 105)
(b) Outlook of the group's business	• Letter from the Chairman (pages 24 to 27) • CEO Statement and Strategic Review (pages 28 to 42) • Operational Review (pages 44 to 85)
(c) Particulars of important events affecting the group that have occurred since the end of the financial year 2024	• Letter from the Chairman (pages 24 to 27) • CEO Statement and Strategic Review (pages 28 to 42) • Operational Review (pages 44 to 85)
(d) Description of the principal risks and uncertainties facing the group	• Letter from the Chairman (pages 24 to 27) • CEO Statement and Strategic Review (pages 28 to 42) • Operational Review (pages 44 to 85) • Corporate Governance Report (pages 173 to 190) • Group Risk Committee Report (pages 191 to 194) • Note 28 to the financial statements
(e) Details regarding compliance with relevant laws and regulations which have a significant impact on the group	• Corporate Governance Report (pages 173 to 190) • Corporate Responsibility and Sustainability Report (CRS Report)[39]
(f) An account of the group's relationships with its key stakeholders	• CEO Statement and Strategic Review (pages 28 to 42) • Engaging with Our Stakeholders (pages 128 to 133) • Corporate Governance Report (pages 173 to 190) • Group Corporate Responsibility Committee Report (pages 195 and 196)
(g) Details regarding the environment and social related policies and performance	• Letter from the Chairman (pages 24 to 27) • CEO Statement and Strategic Review (pages 28 to 42) • Group Corporate Responsibility Committee Report (pages 195 and 196) • CRS Report

39 Posted on the company website: www.hshgroup.com/en/sustainable-luxury/sustainability-reports

Ten Year Operating Statistics and Financial Summary

The group's key operating statistics and financial data for the last ten years are set out on pages 22 and 23.

Share Capital

Movements in the share capital of the company during the year are set out in note 25 to the financial statements.

Equity-linked Agreements

No equity-linked agreement was entered into by the company during the year or subsisted at the end of the year.

Purchase, Sale or Redemption of Listed Securities

There was no purchase, sale or redemption of the company's listed securities by the company or any of its subsidiaries during the year.

Dividends

During 2024, given the underlying loss of the company, the Board of Directors has resolved not to declare an interim dividend (2023: nil) or a final dividend (2023: 8 HK cents per share). This is in line with our dividend policy.[40]

Borrowings

Particulars of all borrowings are set out in note 23 to the financial statements.

Charitable Donations

Cash donations made by the group for charitable purposes during the year amounted to HK$0.99 million (2023: HK$1.38 million).[41]

Major Customers and Suppliers

The diversity and nature of the group's activities are such that the percentage of sales or purchases attributable to the group's five largest customers or suppliers is significantly less than 30% of the total and the Directors do not consider any one customer or supplier to be influential to the group during the year.

Connected Transactions

Audit and Risk Management Department and Audit Committee have reviewed all relevant connected transactions and confirmed that the internal control procedures of these connected transactions are adequate and effective. The connected transactions requiring disclosure under the Listing Rules are set out in note 31 to the financial statements.

Material Related Party Transactions

Details of material related party transactions which were undertaken in the ordinary and usual course of business are set out in note 31 to the financial statements.

Directors

Biographical details of the Directors in office at the date of this report are shown on pages 156 to 165. All of them held office throughout 2024 and up to the date of this report, with the exception of the Board changes as disclosed in "Board, Senior Management and Committees Changes" in the Governance section on page 154.

In accordance with the Articles of Association of the company, all the Directors will retire at the 2025 AGM[42] and, being eligible, have agreed to offer themselves for re-election. If the Directors are re-elected, they are subject to retirement at the conclusion of the third annual general meeting following their re-election. They include The Hon. Sir Michael Kadoorie, Mr Benjamin Vuchot, Mr Gareth Roberts, Mr Peter Borer, Mr Patrick Paul, Dr Rosanna Wong and Dr Kim Winser.

None of the Directors proposed for re-election at the 2025 AGM has a service contract with the company which is not determinable by the company within one year without payment of compensation, other than statutory compensation.

Directors of Subsidiaries

The list of directors who have served on the boards of the subsidiaries of the company during the year and up to the date of this report is shown on the company website.[43]

40 Details of the dividend policy is set out on pages 104 and 186

41 The donations amount of HK$3.58 million (2023: HK$3.8 million) referred to in the Sustainability Data Statements on page 284 include donations by managed properties owned by joint ventures and associates and employees

42 AGM will be held on 7 May 2025

43 www.hshgroup.com/en/corporate-governance/directors-of-subsidiaries

Senior Management

Biographical details of the senior management in office at the date of this report are shown on pages 169 to 171. All of them held office throughout 2024 and up to the date of this report, with the exception of the changes as disclosed in "Board, Senior Management and Committees Changes" in the Governance section on page 154.

Interests of Directors

As at 31 December 2024, the interests or short positions of the Directors of the company in the shares, underlying shares and debentures of the company or any associated corporation, within the meaning of Part XV of the Securities and Futures Ordinance (SFO), as recorded in the register required to be kept under section 352 of the SFO, are as follows:

Long position in shares of the company

	Capacity	Number of shares held in the company	% of total number of shares in issue of the company
The Hon. Sir Michael Kadoorie	Note (a)	859,625,063	51.569
Mr Philip L. Kadoorie	Note (b)	859,625,063	51.569
Mr Clement K.M. Kwok	Beneficial Owner	769,811	0.046
Mr Peter C. Borer	Beneficial Owner	378,936	0.023
Dr the Hon. Sir David K.P. Li	Beneficial Owner	1,137,146	0.068
Mr Pierre R. Boppe	Beneficial Owner	30,000	0.002

Notes:

(a) The Hon. Sir Michael Kadoorie was deemed (by virtue of the SFO) to be interested in 859,625,063 shares in the company. These shares were held in the following capacity:

(i) 361,213,251 shares were ultimately held by a discretionary trust, of which The Hon. Sir Michael Kadoorie is one of the discretionary beneficiaries and the founder; and

(ii) 498,411,812 shares were ultimately held by a discretionary trust, of which The Hon. Sir Michael Kadoorie is one of the discretionary beneficiaries and the founder.

(b) Mr Philip L. Kadoorie was deemed (by virtue of the SFO) to be interested in 859,625,063 shares in the company. These shares were held in the following capacity:

(i) 361,213,251 shares were ultimately held by a discretionary trust, of which Mr Philip L. Kadoorie is one of the discretionary beneficiaries; and

(ii) 498,411,812 shares were ultimately held by a discretionary trust, of which Mr Philip L. Kadoorie is one of the discretionary beneficiaries.

Ms Christobelle Liao, Mr Keith Robertson, Mr Gareth Roberts, Mr Nicholas Colfer, Mr Andrew Brandler, Mr James Lewis, Mr Diego González Morales, Mr Patrick Paul, Dr William Fung, Dr Rosanna Wong, Dr Kim Winser and Ms Ada Tse who are Directors of the company have each confirmed that they had no interests in the shares of the company or any of its associated corporations as at 31 December 2024.

Certain Directors held qualifying shares in two subsidiaries of the company, on trust for the parent company of that subsidiaries.

Except as set out above, as at 31 December 2024, none of the Directors of the company (including their spouses and children under 18 years of age) had any interests or short positions in the shares, underlying shares and debentures of the company or its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register required to be kept under section 352 of the SFO.

At no time during the year was the company, or its subsidiaries, or its associated companies, a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in, or debentures of, the company or of any other body corporate.

Interests of Senior Management

As at 31 December 2024, none of the senior management had any interests in the shares and underlying shares of the company.

Interests of Substantial Shareholders

So far as is known to any Director of the company, as at 31 December 2024, shareholders (other than Directors of the company) who had interests or short positions in the shares and underlying shares of the company as recorded in the register required to be kept under section 336 of the SFO, are as follows:

Long position in shares of the company

(a) Substantial shareholders

	Capacity	Number of shares held in the company	% of total number of shares in issue of the company
Acorn Holdings Corporation	Beneficiary	265,018,552	15.90(i)
Bermuda Trust Company Limited	Trustee/Interests of controlled corporations	350,261,699	21.01(i)
Guardian Limited	Beneficiary/Interest of controlled corporation	85,243,147	5.11(iii)
Harneys Trustees Limited	Trustee/Interests of controlled corporations	944,868,210	56.68(iii)
Lawrencium Holdings Limited	Beneficiary	498,411,812	29.90(ii)
Lawrencium Mikado Holdings Limited	Beneficiary	361,213,251	21.67(ii)
The Magna Foundation	Beneficiary	361,213,251	21.67(ii)
The Mikado Private Trust Company Limited	Trustee/Interests of controlled corporations	859,625,063	51.57(ii)
The Oak Private Trust Company Limited	Trustee/Interests of controlled corporations	85,243,147	5.11(iv)
Oak (Unit Trust) Holdings Limited	Trustee	85,243,147	5.11(i)
Oak HSH Limited	Beneficiary	85,243,147	5.11(iv)

Notes:

(i) Bermuda Trust Company Limited was deemed to be interested in the shares in which Acorn Holdings Corporation, Oak (Unit Trust) Holdings Limited and The Oak Private Trust Company Limited were deemed to be interested, either in the capacity as trustee of various discretionary trusts and/or by virtue of having direct or indirect control over such companies.

(ii) The Mikado Private Trust Company Limited was deemed to be interested in the shares in which Lawrencium Holdings Limited and Lawrencium Mikado Holdings Limited were deemed to be interested, either in the capacity as trustee of a discretionary trust and/or by virtue of having direct or indirect control over such companies. The Magna Foundation was also deemed to be interested in the shares in which Lawrencium Mikado Holdings Limited was deemed to be interested.

The interests of The Mikado Private Trust Company Limited in the shares of the company include the shares held by a discretionary trust of which The Hon. Sir Michael Kadoorie and/or Mr Philip L. Kadoorie are among the discretionary beneficiaries and/or a founder as disclosed in "Interests of Directors".

(iii) Harneys Trustees Limited was deemed to be interested in the shares in which The Mikado Private Trust Company Limited and Guardian Limited were deemed to be interested, either by virtue of having direct or indirect control over such companies and/or in the capacity as trustee of a discretionary trust.

(iv) The Oak Private Trust Company Limited was deemed to be interested in the shares in which Oak HSH Limited was deemed to be interested, either in the capacity as trustee of a discretionary trust and/or by virtue of having direct or indirect control over such company.

(b) Other substantial shareholders

	Capacity	Number of shares held in the company	% of total number of shares in issue of the company
Mr Ng Chee Siong	Trustee	85,909,519	5.15[(i)]
Mr Philip Ng Chee Tat	Trustee	85,909,519	5.15[(i)]
Sino Hotels (Holdings) Limited	Interests of controlled corporations	85,909,519	5.15[(i)]

Note:

(i) Mr Ng Chee Siong and Mr Philip Ng Chee Tat, had trustee interest in their capacity as the co-executors of the estate of Mr Ng Teng Fong, who controlled Sino Hotels (Holdings) Limited and therefore they were both deemed to be interested in the 85,909,519 shares in which Sino Hotels (Holdings) Limited was deemed to be interested. Hence, the share interests of Mr Ng Chee Siong, Mr Philip Ng Chee Tat and Sino Hotels (Holdings) Limited as disclosed were duplicated.

Except as set out above, as at 31 December 2024, the company had not been notified of any substantial shareholder (other than Directors of the company) who had interests or short positions in the shares or underlying shares of the company that were recorded in the register required to be kept under section 336 of the SFO.

Interests of Any Other Person

As at 31 December 2024, the company had not been notified of any person other than the substantial shareholders who had interests or short positions in the shares or underlying shares of the company, which are required to be recorded in the register required to be kept under section 336 of the SFO.

Directors' Interests in Transactions, Arrangements or Contracts

Apart from the details disclosed in note 31(d) to the financial statements, no transaction, arrangement or contract of significance to which the company or its subsidiaries was a party and in which a Director of the company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2024 or at any time during the year.

Directors' Indemnities

The company maintains directors' and officers' liability insurance, which gives appropriate cover for any legal action brought against its Directors. The level of the coverage is reviewed annually by Finance Committee. The company has also granted indemnities to each Director of the company (including former Directors) and some of the Directors of its associated companies to the extent permitted by law. The indemnity was in force throughout the financial year and is currently in force.

Employee Retirement Benefits

Details of the group's employee retirement benefits are shown in note 27 to the financial statements.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the company was entered into or existed during the year.

Corporate Governance Report

The Corporate Governance Report outlines the company's approach to governance and is set out on pages 173 to 190.

Loan Agreements with Covenants Relating to Specific Performance of the Controlling Shareholder

The company has not entered into any new loan agreements containing any covenant relating to specific performance of the controlling shareholder, which is required to be disclosed in accordance with rule 13.18 of the Listing Rules.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for preparing the financial statements for each financial period. These financial statements must present a true and fair view of the state of affairs of the group and of the results and cashflows of the relevant period. The Directors are also responsible for ensuring that the group operates an efficient financial reporting system and keeps proper accounting records which disclose at any time and with reasonable accuracy the financial position of the group.

In preparing the financial statements for the year ended 31 December 2024, the Directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

Auditor

The financial statements for the year ended 31 December 2024 have been audited by KPMG who will retire at the 2025 AGM and, being eligible, offer themselves for re-appointment. A resolution to re-appoint KPMG (Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance) as auditor and authorise the Directors to fix their remuneration will be proposed at the 2025 AGM.

By Order of the Board

Till Lembke
Company Secretary
31 March 2025


THE PENINSULA

Financial Statements

Independent Auditor's Report

Independent Auditor's Report to the members of
The Hongkong and Shanghai Hotels, Limited
(incorporated in Hong Kong with limited liability)

Opinion

We have audited the consolidated financial statements of The Hongkong and Shanghai Hotels, Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 219 to 281, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Recoverability of the carrying value of hotel properties owned by the Group, joint ventures and associates

(Refer to note 12, note 14, note 15 and note 34 to the consolidated financial statements)

The Key Audit Matter	**How the matter was addressed in our audit**
The Group owns interests in various hotel properties around the world either directly or through its investments in joint ventures and associates. These hotel properties, which are stated at cost less accumulated depreciation and impairment, are significant to the Group in terms of their values. At the year end management assesses if there are any indicators of potential impairment of hotel properties. In such cases, management assesses the recoverability of the carrying value of hotel properties based on valuations prepared by an external property valuer in accordance with recognised industry standards. The valuation of hotel properties is complex and involves a significant degree of judgement and estimation, particularly given the diverse locations of the hotel properties and the particular economic and political circumstances at each location which can affect, inter alia, occupancy rates, revenue per available room and future growth rates. We identified assessing the recoverability of the carrying value of hotel properties owned by the Group and its investees as a key audit matter because of the complexity of the valuations and because of the significant judgement and estimation required and the potential for management bias in the selection of the assumptions.	Our audit procedures to assess the recoverability of the carrying value of hotel properties owned by the Group and its investees included the following: • discussing triggering events and/or indicators of potential impairment of hotel properties with management and inspecting the operating results and cash flow forecasts of the respective hotels; • where such triggering events or indicators were determined to exist: – meeting the external property valuer, independent of management, to discuss the valuations and assess the valuation methodology applied and considering the valuer's qualifications, expertise in the properties being valued and objectivity; – challenging the key estimates and assumptions adopted in the valuations, including occupancy rates, revenue per available room, future growth rates and the discount rates applied, by comparing these with budgets approved by the directors, market available data for comparable properties and the current year's operating results; and – performing sensitivity analyses by making adjustments to the key estimates and assumptions to assess the risk of possible management bias in the valuation exercise.

Independent Auditor's Report

Valuation of investment properties owned by the Group

(Refer to note 12 and note 34 to the consolidated financial statements)

The Key Audit Matter	How the matter was addressed in our audit
The Group holds a portfolio of investment properties comprising office, residential and commercial properties in various locations around the world. These investment properties, which are stated at fair value, are significant to the Group in terms of their values. Management's assessment of the fair value of investment properties is based on valuations performed by external property valuers in accordance with recognised industry standards. These valuations are complex and involve a significant degree of judgement and estimation in respect of capitalisation rates and market rents, particularly given the number and diversity of locations and nature of the investment properties. We identified assessing the valuation of investment properties owned by the Group as a key audit matter because of the complexity of the valuations and because of the significant judgement and estimation required.	Our audit procedures to assess the valuation of investment properties owned by the Group included the following: • discussing with management their assessment of the valuations, including the key assumptions adopted and recent market developments at each location where the investment properties are situated; • meeting the external property valuers, independent of management, to discuss the valuations and assess the valuation methodologies applied and considering the valuers' qualifications, expertise in the properties being valued and objectivity; • with the assistance of our property valuations specialists, challenging the key estimates and assumptions adopted in the valuations, including the capitalisation rates and market rents, by comparing the key estimates with market available data, government produced market statistics and the current year's operating results.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor’s Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Chan Tsz Kei.

KPMG
Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

31 March 2025

Consolidated Statement of Profit or Loss (HK$M)

		Year ended 31 December	
	Note	**2024**	2023
Revenue	3	**10,290**	8,112
Cost of inventories	4	**(3,595)**	(2,435)
Staff costs and related expenses		**(2,749)**	(2,462)
Rent and utilities		**(524)**	(492)
Other operating expenses		**(1,976)**	(1,625)
Operating profit before interest, taxation, depreciation and amortisation (EBITDA)		**1,446**	1,098
Depreciation and amortisation		**(686)**	(520)
Operating profit		**760**	578
Interest income		**28**	21
Financing charges	5	**(782)**	(314)
Net financing charges		**(754)**	(293)
Profit after net financing charges	4	**6**	285
Share of results of joint ventures	14	**(92)**	(166)
Share of results of associates	15	**(16)**	(18)
Provision for impairment	12(a)	**(158)**	–
(Decrease)/increase in fair value of investment properties	12(a)	**(569)**	186
(Loss)/profit before taxation		**(829)**	287
Taxation			
Current tax	6	**(143)**	(118)
Deferred tax	6	**(21)**	(21)
(Loss)/profit for the year		**(993)**	148
(Loss)/profit attributable to:			
Shareholders of the company		**(943)**	146
Non-controlling interests		**(50)**	2
(Loss)/profit for the year		**(993)**	148
(Loss)/earnings per share, basic and diluted (HK$)	9	**(0.57)**	0.09

The notes on pages 224 to 281 form part of these Financial Statements.

Consolidated Statement of Comprehensive Income (HK$M)

	Note	Year ended 31 December 2024	2023
(Loss)/profit for the year		**(993)**	148
Other comprehensive income for the year, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of:			
– financial statements of overseas subsidiaries		**(20)**	247
– financial statements of joint ventures		**220**	(46)
– financial statements of and loans to an associate		**(28)**	11
– hotel operating rights and trademarks		**(26)**	16
		146	228
Cash flow hedges:			
– effective portion of changes in fair values		**65**	13
– transfer from equity to profit or loss		**(125)**	(120)
		(60)	(107)
Item that will not be reclassified to profit or loss:			
Remeasurement of net defined benefit retirement obligations		**1**	(4)
		1	(4)
Other comprehensive income	8	**87**	117
Total comprehensive income for the year		**(906)**	265
Total comprehensive income attributable to:			
Shareholders of the company		**(856)**	263
Non-controlling interests		**(50)**	2
Total comprehensive income for the year		**(906)**	265

The notes on pages 224 to 281 form part of these Financial Statements.

Consolidated Statement of Financial Position (HK$M)

	Note	As at 31 December 2024	As at 31 December 2023
Non-current assets			
Investment properties		**32,629**	33,170
Other properties, plant and equipment		**15,235**	15,662
	12	**47,864**	48,832
Interest in joint ventures	14	**1,862**	1,529
Interest in associates	15	**404**	448
Hotel operating rights and trademarks	16	**419**	459
Derivative financial instruments	17	**153**	218
Deferred tax assets	18(b)	**153**	151
		50,855	51,637
Current assets			
Properties held/under development for sale	13	**1,472**	4,382
Derivative financial instruments	17	**13**	2
Inventories	19	**123**	114
Trade and other receivables	20	**818**	853
Cash at banks and in hand	21(a)	**895**	881
		3,321	6,232
Current liabilities			
Trade and other payables	22	**(1,823)**	(1,950)
Interest-bearing borrowings	23	**(7,388)**	(2,504)
Current taxation	18(a)	**(72)**	(102)
Lease liabilities	24	**(160)**	(149)
		(9,443)	(4,705)
Net current (liabilities)/assets		**(6,122)**	1,527
Total assets less current liabilities		**44,733**	53,164
Non-current liabilities			
Interest-bearing borrowings	23	**(6,001)**	(13,410)
Trade and other payables	22	**(145)**	(113)
Net defined benefit retirement obligations	27	**(21)**	(20)
Deferred tax liabilities	18(b)	**(668)**	(658)
Lease liabilities	24	**(2,452)**	(2,584)
		(9,287)	(16,785)
Net assets		**35,446**	36,379
Capital and reserves			
Share capital	25	**5,947**	5,837
Reserves		**29,454**	30,442
Total equity attributable to shareholders of the company		**35,401**	36,279
Non-controlling interests		**45**	100
Total equity		**35,446**	36,379

Approved by the Board of Directors on 31 March 2025 and signed on its behalf by:

The Hon. Sir Michael Kadoorie, Benjamin Vuchot, Keith Robertson, Directors

The notes on pages 224 to 281 form part of these Financial Statements

Consolidated Statement of Changes in Equity (HK$M)

		Attributable to shareholders of the company							
			Reserves						
	Note	Share capital	Hedging reserve	Exchange and other reserves	Retained profits	Total reserves	Total	Non–controlling interests	Total equity
At 1 January 2023		5,837	290	(443)	30,332	30,179	36,016	104	36,120
Changes in equity for 2023:									
Profit for the year		–	–	–	146	146	146	2	148
Other comprehensive income	8	–	(107)	224	–	117	117	–	117
Total comprehensive income for the year		–	(107)	224	146	263	263	2	265
Dividend paid to non-controlling interests		–	–	–	–	–	–	(6)	(6)
Balance at 31 December 2023 and 1 January 2024		**5,837**	**183**	**(219)**	**30,478**	**30,442**	**36,279**	**100**	**36,379**
Changes in equity for 2024:									
Loss for the year		**–**	**–**	**–**	**(943)**	**(943)**	**(943)**	**(50)**	**(993)**
Other comprehensive income	8	**–**	**(60)**	**147**	**–**	**87**	**87**	**–**	**87**
Total comprehensive income for the year		**–**	**(60)**	**147**	**(943)**	**(856)**	**(856)**	**(50)**	**(906)**
Dividend approved in respect of the previous year	10	**110**	**–**	**–**	**(132)**	**(132)**	**(22)**	**–**	**(22)**
Dividend paid to non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**(6)**	**(6)**
Capital contribution from a non-controlling shareholder of a subsidiary		**–**	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Balance at 31 December 2024		**5,947**	**123**	**(72)**	**29,403**	**29,454**	**35,401**	**45**	**35,446**

The notes on pages 224 to 281 form part of these Financial Statements.

Consolidated Statement of Cash Flows (HK$M)

		Year ended 31 December	
	Note	**2024**	2023
Operating activities			
Profit after net financing charges		**6**	285
Adjustments for:			
Depreciation	12(a)	**672**	506
Amortisation of hotel operating rights	16	**14**	14
Interest income	4	**(28)**	(21)
Financing charges	5	**782**	314
EBITDA		**1,446**	1,098
Changes in working capital in connection with The Peninsula London Residences sold		**3,086**	1,999
Increase in inventories		**(12)**	(28)
Decrease/(increase) in trade and other receivables		**29**	(36)
Increase in trade and other payables		**15**	402
Total changes in working capital		**3,118**	2,337
Cash generated from operations		**4,564**	3,435
Net tax paid:			
Hong Kong Profits Tax		**(140)**	(11)
Overseas tax		**(33)**	(17)
Net cash generated from operating activities		**4,391**	3,407
Investing activities			
Capital expenditure on The Peninsula London Complex and The Peninsula Yangon		**(443)**	(1,862)
Capital expenditure on the Peak Tram upgrade project		**(12)**	(68)
Capital expenditure on The Peninsula New York for hotel refurbishment		**(289)**	–
Capital injection into The Peninsula Istanbul joint venture		**(205)**	(369)
Capital expenditure on operating assets		**(333)**	(314)
Receipt from associates		**5**	10
Net cash used in investing activities		**(1,277)**	(2,603)
Financing activities			
Drawdown of term loans		**2,226**	2,139
Repayment of term loans		**(3,579)**	(1,631)
Net decrease in revolving loans		**(851)**	(154)
Net deposit of interest-bearing bank deposits with maturity of more than three months		**(24)**	(146)
Interest paid and other financing charges		**(708)**	(731)
Interest received		**23**	23
Capital element of lease rental paid		**(26)**	(27)
Interest element of lease rental paid		**(136)**	(121)
Dividend paid to shareholders of the company		**(22)**	–
Dividends paid to holders of non-controlling interests		**(6)**	(6)
Net cash used in financing activities		**(3,103)**	(654)
Net increase in cash and cash equivalents		**11**	150
Cash and cash equivalents at 1 January		**720**	570
Effect of changes in foreign exchange rates		**(21)**	–
Cash and cash equivalents at 31 December	21(a)	**710**	720

The notes on pages 224 to 281 form part of these Financial Statements.

Notes to the Financial Statements

1. Company-level statement of financial position (HK$m)

	Note	At 31 December 2024	2023
Non-current asset			
Investment in subsidiaries	33	**–**	–
Current assets			
Amounts due from subsidiaries		**17,180**	16,881
Other receivables		**4**	8
Cash at banks and in hand		**12**	28
		17,196	16,917
Current liabilities			
Amounts due to subsidiaries		**(196)**	(138)
Other payables and accruals		**(50)**	(35)
		(246)	(173)
Net assets		**16,950**	16,744
Capital and reserves			
Share capital	25	**5,947**	5,837
Reserves	26(a)	**11,003**	10,907
Total equity		**16,950**	16,744

Approved by the Board of Directors on 31 March 2025 and signed on its behalf by:

The Hon. Sir Michael Kadoorie, Benjamin Vuchot, Keith Robertson, Directors

2. Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the group are disclosed in note 34.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the group. Note 35 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current accounting periods reflected in these financial statements.

3. Revenue (HK$m)

The company is an investment holding company; its subsidiary companies, joint ventures and associates are engaged in the ownership, management and operation of hotels, commercial properties and Peak Tram, retail and other services.

Revenue represents the consideration expected to be received in respect of the transfer of goods and services, including the sales of residential apartments, in accordance with HKFRS 15, *Revenue from contracts with customers* and rental income derived from the hotels' shopping arcade and offices and commercial properties recognised in accordance with HKFRS 16, *Leases*. Note 34(s) further describes the accounting policy in relation to each revenue stream, including point in time and over time measurement basis. Set out below is a breakdown of the group's revenue for the years ended 31 December 2024 and 2023:

	2024				2023			
	Recognise at a point in time	**Recognise over time**	**Rental income on leases**	**Total**	Recognise at a point in time	Recognise over time	Rental income on leases	Total
Hotels								
– Rooms	**–**	**2,669**	**–**	**2,669**	–	2,063	–	2,063
– Food and beverage	**1,354**	**–**	**–**	**1,354**	1,215	–	–	1,215
– Shopping arcades and offices	**–**	**33**	**508**	**541**	–	31	498	529
– Others	**291**	**125**	**–**	**416**	256	111	–	367
	1,645	**2,827**	**508**	**4,980**	1,471	2,205	498	4,174
Commercial properties								
– Residential properties	**–**	**67**	**411**	**478**	–	41	373	414
– Offices	**–**	**14**	**86**	**100**	–	13	86	99
– Shopping arcades and others	**197**	**34**	**79**	**310**	191	30	78	299
– Sales of residential apartments	**3,452**	**–**	**–**	**3,452**	2,298	–	–	2,298
	3,649	**115**	**576**	**4,340**	2,489	84	537	3,110
Peak Tram, Retail and Others								
– Golf club	**149**	**87**	**–**	**236**	140	87	–	227
– Peak Tram operation	**312**	**–**	**–**	**312**	221	–	–	221
– Peninsula Merchandising	**353**	**–**	**–**	**353**	316	–	–	316
– Others	**63**	**6**	**–**	**69**	59	5	–	64
	877	**93**	**–**	**970**	736	92	–	828
				10,290				8,112

Notes to the Financial Statements

4. Profit after net financing charges (HK$m)

Profit after net financing charges is arrived at after charging/(crediting):

	2024	2023
Cost of inventories		
Residential apartments	**3,086**	1,999
Others	**509**	436
Amortisation	**14**	14
Depreciation		
Other properties, plant and equipment	**622**	459
Right-of-use assets	**50**	47
Auditor's remuneration:		
Audit services	**12**	11
Taxation and other services	**3**	4
Interest income	**(28)**	(21)
Rentals receivable from investment properties less direct outgoings of HK$22 million (2023: HK$26 million)	**(1,062)**	(1,009)

5. Financing charges (HK$m)

	2024	2023
Interest on bank borrowings	**830**	863
Derivative financial instruments:		
– cash flow hedges, transfer from equity (note 8)	**(150)**	(143)
	680	720
Interest on lease liabilities	**136**	136
Other borrowing costs	**32**	33
	848	889
Less: Interest expenses capitalised into		
– properties under development*	**(66)**	(546)
– right-of-use assets#	**–**	(29)
	782	314

* The borrowing costs have been capitalised at an average rate of 5.4% in 2024 (2023: 5.9%).

Interest on lease liabilities had been capitalised at an average rate of 4.8% in 2023.

6. Income tax in the consolidated statement of profit or loss (HK$m)

(a) Taxation in the consolidated statement of profit or loss represents:

	2024	2023
Current tax – Hong Kong Profits Tax		
Provision for the year	**89**	87
Over-provision in respect of prior years	**(5)**	(4)
	84	83
Current tax – Overseas		
Provision for the year	**50**	36
Under/(over)-provision in respect of prior years	**9**	(1)
	59	35
	143	118
Deferred tax		
Decrease in net deferred tax liabilities relating to revaluation of overseas investment properties	**(1)**	(4)
Increase in net deferred tax liabilities relating to other temporary differences	**22**	25
	21	21
Total	**164**	139

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

(b) Pillar Two income taxes

The Pillar Two model rules introduce new taxing mechanism under which multinational enterprises (MNEs) meeting the EUR750 million consolidated revenue threshold for at least two of the previous four years would be subject to a top-up tax if the effective tax rate of the jurisdictions in which the MNEs operate is below 15%.

The group was not in scope of the Pillar Two model rules for the year ended 31 December 2024. However, the group is expected to be in scope of the Pillar Two model rules for the financial year beginning 1 January 2025.

Notes to the Financial Statements

6. Income tax in the consolidated statement of profit or loss (HK$m) continued

(c) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	2024	2023
(Loss)/profit before taxation	**(829)**	287
Notional tax at the domestic income tax rate of 16.5%	**(137)**	47
Tax effect of non-deductible expenses	**32**	4
Tax effect of non-taxable income	**(2)**	–
Tax effect of share of losses of joint ventures and associates	**18**	30
Tax effect of non-deductible/(non-taxable) fair value change on Hong Kong investment properties	**94**	(34)
Tax effect of tax losses not recognised	**126**	68
Effect of different tax rates of subsidiaries operating in other jurisdictions	**27**	28
Under/(over)-provision in respect of prior years	**4**	(5)
Others	**2**	1
Actual tax expense	**164**	139

7. Remuneration of key management personnel (HK$000)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company and the group. It comprises the Board of Directors of the company and the Group Management Board (GMB). GMB comprises the Executive Directors and five (2023: five) senior management. The total remuneration of the key management personnel is shown below:

	2024		2023	
	Executive and Non-executive Directors	**GMB members other than Executive Directors**	Executive and Non-executive Directors	GMB members other than Executive Directors
Directors' fees	**6,375**	**–**	6,071	–
Basic compensation	**25,026**	**20,619**	21,171	20,486
Bonuses and incentives	**19,114**	**3,736**	15,973	4,928
Retirement benefits	**3,201**	**1,863**	3,157	1,838
Other benefits	**947**	**921**	1,294	748
	54,663	**27,139**	47,666	28,000

Further details of the remuneration of the Directors (on a named basis) and senior management, and remuneration paid to the five highest paid individuals by bands are disclosed on pages 203 to 205 of the Remuneration Committee Report, which forms an integral part of these audited financial statements.

8. Other comprehensive income and the related tax effects (HK$m)

	2024			2023		
	Gross amount before tax	Tax (expense)/ benefit	Net-of-tax amount	Gross amount before tax	Tax (expense)/ benefit	Net-of-tax amount
Exchange differences on translation of:						
– financial statements of overseas subsidiaries	**(20)**	**–**	**(20)**	247	–	247
– financial statements of joint ventures	**220**	**–**	**220**	(46)	–	(46)
– financial statements of and loans to an associate	**(28)**	**–**	**(28)**	11	–	11
– hotel operating rights and trademarks	**(26)**	**–**	**(26)**	16	–	16
	146	**–**	**146**	228	–	228
Cash flow hedges:						
– effective portion of changes in fair values	**78**	**(13)**	**65**	14	(1)	13
– transfer from equity to profit or loss	**(150)**	**25**	**(125)**	(143)	23	(120)
	(72)	**12**	**(60)**	(129)	22	(107)
Remeasurement of net defined benefit retirement obligations	**1**	**–**	**1**	(4)	–	(4)
Other comprehensive income	**75**	**12**	**87**	95	22	117

9. (Loss)/earnings per share

(a) (Loss)/earnings per share – basic

	2024	2023
(Loss)/earnings attributable to shareholders of the company (HK$m)	**(943)**	146
Weighted average number of shares in issue (million shares)	**1,659**	1,649
(Loss)/earnings per share (HK$)	**(0.57)**	0.09

(b) (Loss)/earnings per share – diluted

There were no potential dilutive ordinary shares in existence during the years ended 31 December 2024 and 2023 and hence the diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share.

Notes to the Financial Statements

10. Dividends payable to shareholders of the company attributable to the year (HK$m)

	2024	2023
No interim dividend declared and paid (2023: Nil)	**–**	–
Final dividend proposed after the end of the reporting period of Nil HK cents per share (2023: 8 HK cents)	**–**	132
	–	132

No interim dividend was declared and paid by the company for the six months ended 30 June 2024 (2023: Nil). Given the underlying loss incurred by the company for the year ended 31 December 2024, the Board of Directors has resolved not to declare a final dividend for the year ended 31 December 2024 (2023: final dividend of 8 HK cents per share). The dividend decisions made by the Board for the six months ended 30 June 2024 and the year ended 31 December 2024 were in line with the company's dividend policy.

11. Segment reporting (HK$m)

The group is organised on a divisional basis. In a manner consistent with the way in which information is reported internally to the group's senior executive management for the purposes of resource allocation and performance assessment, the group's reportable segments are as follows:

Hotels	This segment includes revenue generated from operating hotels, leasing of commercial shopping arcades and office premises located within the hotel buildings.
Commercial Properties	This segment is engaged in the development, leasing and sale of luxury residential apartments, leasing of retail and office premises (other than those in hotel properties), as well as operating food and beverage outlets in such premises.
Peak Tram, Retail and Others	This segment is engaged in the operation of the Peak Tram, wholesaling and retailing of food and beverage products, The Quail, laundry services and the provision of management and consultancy services for clubs.

No operating segments have been aggregated to form the reportable segments.

11. Segment reporting (HK$m) continued

(a) Segment results

The results of the group's reportable segments for the years ended 31 December 2024 and 2023 are set out as follows:

	Hotels		Commercial Properties		Peak Tram, Retail and Others		Consolidated	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
Reportable segment revenue*	**4,980**	4,174	**4,340**	3,110	**970**	828	**10,290**	8,112
Reportable segment operating profit before interest, taxation, depreciation and amortisation (EBITDA)	**695**	633	**716**	642	**114**	115	**1,525**	1,390
Depreciation and amortisation	**(556)**	(412)	**(29)**	(18)	**(101)**	(90)	**(686)**	(520)
Segment operating profit before pre-opening and project expenses and other non-recurring expenses	**139**	221	**687**	624	**13**	25	**839**	870
Pre-opening and project expenses and other non-recurring expenses	**(79)**	(292)	**-**	–	**-**	–	**(79)**	(292)
Segment operating profit/(loss)	**60**	(71)	**687**	624	**13**	25	**760**	578

Reconciliation of consolidated segment operating profit/(loss) to the (loss)/profit before taxation in the consolidated statement of profit or loss is not presented, since the consolidated segment operating profit is the same as the operating profit presented in the consolidated statement of profit or loss for the year.

* Analysis of segment revenue is disclosed in note 3.

Notes to the Financial Statements

11. Segment reporting (HK$m) continued

(b) Segment assets

Segment assets include all tangible and current assets and hotel operating rights held directly by the respective segments. The group's segment assets and unallocated assets as at 31 December 2024 and 2023 are set out as follows:

	Note	**2024**	2023
Reportable segment assets			
Hotels		**28,545**	28,756
Commercial properties		**23,259**	26,654
Peak Tram, Retail and Others		**1,158**	1,207
Unallocated assets		**52,962**	56,617
Derivative financial instruments	17	**166**	220
Deferred tax assets	18(b)	**153**	151
Cash at banks and in hand	21(a)	**895**	881
Consolidated total assets		**54,176**	57,869

(c) Geographical information

The following table sets out information about the geographical location of (i) the group's revenue from external customers and (ii) the group's properties held/under development for sale and total reportable non-current assets.

	Revenue from external customers		**Reportable non-current assets**	
	2024	2023	**2024**	2023
Greater China	**2,932**	2,735	**33,088**	33,726
Other Asia*	**1,365**	1,232	**2,673**	3,099
United States of America	**1,567**	1,638	**3,423**	3,195
Europe	**4,426**	2,507	**12,837**	15,630
	10,290	8,112	**52,021**	55,650

* Other Asia includes Japan, Thailand, the Philippines and Vietnam.

12. Investment properties and other properties, plant and equipment (HK$m)

(a) Movements of investment properties and other properties, plant and equipment

	Land	Right-of-use assets (note 12(e))	Hotel and other buildings held for own use	Motor vehicles, plant and equipment	Construction in progress	Sub-total	Investment properties (notes 12(b), (c) &(d))	Total
Cost or valuation:								
At 1 January 2023	679	2,885	8,247	5,614	6,916	24,341	32,895	57,236
Exchange adjustments	4	(31)	21	5	231	230	7	237
Additions	–	30	67	157	1,402	1,656	82	1,738
Disposals	–	–	(1)	(9)	–	(10)	–	(10)
Transfer	–	–	5,603	1,951	(7,554)	–	–	–
Fair value adjustment	–	–	–	–	–	–	186	186
At 31 December 2023	683	2,884	13,937	7,718	995	26,217	33,170	59,387
Representing:								
Cost	683	2,884	13,937	7,718	995	26,217	–	26,217
Valuation – 2023	–	–	–	–	–	–	33,170	33,170
	683	2,884	13,937	7,718	995	26,217	33,170	59,387
At 1 January 2024	**683**	**2,884**	**13,937**	**7,718**	**995**	**26,217**	**33,170**	**59,387**
Exchange adjustments	**(2)**	**(161)**	**(323)**	**(105)**	**(18)**	**(609)**	**(82)**	**(691)**
Additions	**–**	**55**	**43**	**185**	**563**	**846**	**110**	**956**
Disposals	**–**	**–**	**(3)**	**(40)**	**–**	**(43)**	**–**	**(43)**
Transfer/reclassification	**–**	**–**	**1,951**	**(1,208)**	**(743)**	**–**	**–**	**–**
Fair value adjustment	**–**	**–**	**–**	**–**	**–**	**–**	**(569)**	**(569)**
At 31 December 2024	**681**	**2,778**	**15,605**	**6,550**	**797**	**26,411**	**32,629**	**59,040**
Representing:								
Cost	**681**	**2,778**	**15,605**	**6,550**	**797**	**26,411**	**–**	**26,411**
Valuation – 2024	**–**	**–**	**–**	**–**	**–**	**–**	**32,629**	**32,629**
	681	**2,778**	**15,605**	**6,550**	**797**	**26,411**	**32,629**	**59,040**
Accumulated depreciation and impairment losses:								
At 1 January 2023	246	392	4,543	4,246	679	10,106	–	10,106
Exchange adjustments	1	(8)	(18)	(22)	–	(47)	–	(47)
Charge for the year	–	47	171	288	–	506	–	506
Written back on disposals	–	–	(1)	(9)	–	(10)	–	(10)
At 31 December 2023	247	431	4,695	4,503	679	10,555	–	10,555
At 1 January 2024	**247**	**431**	**4,695**	**4,503**	**679**	**10,555**	**–**	**10,555**
Exchange adjustments	**(1)**	**(23)**	**(79)**	**(63)**	**–**	**(166)**	**–**	**(166)**
Charge for the year	**–**	**50**	**304**	**318**	**–**	**672**	**–**	**672**
Impairment provision	**–**	**40**	**–**	**–**	**118**	**158**	**–**	**158**
Written back on disposals	**–**	**–**	**(3)**	**(40)**	**–**	**(43)**	**–**	**(43)**
At 31 December 2024	**246**	**498**	**4,917**	**4,718**	**797**	**11,176**	**–**	**11,176**
Net book value:								
At 31 December 2024	**435**	**2,280**	**10,688**	**1,832**	**–**	**15,235**	**32,629**	**47,864**
At 31 December 2023	436	2,453	9,242	3,215	316	15,662	33,170	48,832

Notes to the Financial Statements

12. Investment properties and other properties, plant and equipment (HK$m) continued

(a) Movements of investment properties and other properties, plant and equipment continued

During the year, the group acquired items of fixed assets with a cost of HK$956 million (2023: HK$1,738 million), of which HK$289 million related to The Peninsula New York refurbishment project and HK$272 million related to development costs for The Peninsula London. The Peninsula London soft opened on 12 September 2023 and we are in the process of preparing and agreeing final accounts with our trade contractors and consultants, which will include finalisation of programme delay costs.

The net book value for other items of properties, plant and equipment disposed of during the year ended 31 December 2024 was insignificant in value.

The group assessed the recoverable amounts of its other properties, plant and equipment and construction in progress at the reporting date in accordance with the accounting policy as disclosed in note 34(i).

During the year, an impairment provision of HK$158 million was made in respect of the group's investment in The Peninsula Yangon project. As development work for the project is still on hold and the outlook of the tourism market in Myanmar continues to be uncertain, a review has been conducted by management to assess the recoverability of The Peninsula Yangon's book value. Based on the assessment, management considered that the carrying amount of the investment in The Peninsula Yangon project may not be recoverable through future cash flows. Accordingly, The Peninsula Yangon's book value was fully written off.

(b) All investment properties of the group were revalued as at 31 December 2024. The changes in fair value of the investment properties during the year were accounted for in the consolidated statement of profit or loss. The valuations were carried out by valuers independent of the group who have staff with recent experience in the location and category of the property being valued. Discussions have been held with the valuers on the valuation assumptions and valuation results when the valuation is performed at each reporting date. Details of the valuers are as follows:

Description of investment properties	Name of valuer	Qualification of the staff of the valuer conducting the valuation
Greater China		
Retail shops, offices and residential apartments	Savills Valuation and Professional Services Limited (Savills)	Members of the Hong Kong Institute of Surveyors
Other Asia *		
Retail shops, offices, residential apartments and vacant land	Savills	Members of the Hong Kong Institute of Surveyors
	Colliers International Consultancy & Advisory (Singapore) Pte. Limited (Colliers)	Members of the Royal Institution of Chartered Surveyors
United States of America		
Retail shops and vacant land	Colliers	Members of the Royal Institution of Chartered Surveyors
Europe		
Retail shops, offices and residential apartments	Colliers	Members of the Royal Institution of Chartered Surveyors

* Other Asia includes Japan, Thailand, The Philippines and Vietnam.

12. Investment properties and other properties, plant and equipment (HK$m) continued

(c) Fair value measurement of investment properties

The fair value of the group's investment properties is mainly determined using the income capitalisation approach by applying the expected rental income with a capitalisation rate adjusted for the quality and location of the buildings. The following table summarises the valuation parameters adopted by the valuers in assessing the fair value of the group's investment properties as at 31 December 2024:

Valuation parameters	Range
Capitalisation rate	
– Shopping arcades	4.0% – 6.5% (2023: 3.8% – 6.3%)
– Offices	3.9% – 4.0% (2023: 3.8% – 3.9%)
– Residential properties	2.6% – 3.4% (2023: 2.6% – 3.4%)
Expected monthly market rental per square foot	
– Shopping arcades	HK$33 – HK$1,209 (2023: HK$33 – HK$1,200)
– Offices	HK$24 – HK$56 (2023: HK$25 – HK$52)
– Residential properties	HK$37 – HK$69 (2023: HK$39 – HK$72)

Details of the movement of the group's investment properties are disclosed in note 12(a) above.

The net fair value adjustment of investment properties is recognised as a non-operating item in the consolidated statement of profit or loss.

(d) Investment properties rented out under operating leases

The group rents out its investment properties to third party tenants for rental income under operating leases. The rental agreements with tenants typically run for an initial period of one to five years, with or without options to renew after that date at which time all terms are renegotiated. Certain rental agreements include variable rentals that are based on the revenue of tenants.

Undiscounted rentals receivable by the group under non-cancellable operating lease arrangements at the reporting date are as follows:

	2024	2023
Within one year	**766**	777
After one year but within two years	**378**	449
After two years but within three years	**251**	295
After three years but within four years	**183**	226
After four years but within five years	**146**	173
After five years	**147**	240
	1,871	2,160

Notes to the Financial Statements

12. Investment properties and other properties, plant and equipment (HK$m) continued

(e) Right-of-use assets

The group is the lessee in respect of a number of properties which are leased from third party landlords. Pursuant to its accounting policy, the group capitalises the present value of the future minimum lease payments of its leased properties as right-of-use assets. A majority of the carrying value of the right-of-use assets is attributable to the hotel in New York which has a lease term of 90 years commencing in 1988, the hotel in Tokyo which has a lease term of 70 years commencing in 2015 and the hotel in London which has a lease term of 146 years commencing in 2016. The right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of their respective useful life or the end of the lease term.

The net book value of right-of-use assets by class of underlying asset is analysed as follows:

	2024	2023
Classified as properties leased for own use, carried at depreciated cost	**2,280**	2,453
Included in construction in progress	**–**	117
	2,280	2,570

The analysis of expense items in relation to leased properties charged to the consolidated statement of profit or loss is as follows:

	2024	2023
Depreciation charge of right-of-use assets for properties leased for own use	**50**	47
Interest on lease liabilities	**136**	136
Variable lease payments not included in the measurement of lease liabilities	**23**	12

12. Investment properties and other properties, plant and equipment (HK$m) continued

(f) Hotel and investment properties, all held through subsidiaries, are as follows:

	Usage
Held in Hong Kong:	
Long-term leases (over 50 years):	
The Peninsula Hong Kong, Salisbury Road	Hotel and commercial rentals
The Peninsula Office Tower, 18 Middle Road	Office
Repulse Bay Apartments, 101 Repulse Bay Road	Residential
St. John's Building, 33 Garden Road	Office
Medium-term lease (between 10 and 50 years):	
The Repulse Bay, 109 Repulse Bay Road	Residential and commercial rentals
Repulse Bay Garage, 60 Repulse Bay Road	Commercial rentals
Short-term lease (less than 10 years):	
The Peak Tower, 128 Peak Road	Commercial rentals
Held in Mainland China:	
Short-term lease (less than 10 years):	
The Peninsula Beijing,	
8 Goldfish Lane, Wangfujing, Beijing	Hotel and commercial rentals
Medium term lease (between 10 and 50 years):	
The Peninsula Shanghai apartments,	
No. 32 The Bund,	
32 Zhong Shan Dong Yi Road, Shanghai	Residential
Held in Japan:	
Long-term lease (over 50 years):	
The Peninsula Tokyo,	
1-8-1 Yurakucho, Chiyoda-ku, Tokyo	Hotel and commercial rentals
Held in Thailand:	
Freehold:	
The Peninsula Bangkok,	
333 Charoennakorn Road, Klongsan, Bangkok 10600	Hotel
Vacant land, near The Peninsula Bangkok	Undetermined
Held in The Philippines:	
Short-term lease (less than 10 years):	
The Peninsula Manila,	
Corner of Ayala and Makati Avenues,	
1226 Makati City, Metro Manila	Hotel and commercial rentals
Held in Vietnam:	
Short-term lease (less than 10 years):	
The Landmark, 5B Ton Duc Thang Street,	
District 1, Ho Chi Minh City	Residential and commercial rentals

Notes to the Financial Statements

12. Investment properties and other properties, plant and equipment (HK$m) continued

(f) Hotel and investment properties, all held through subsidiaries, are as follows: continued

	Usage
Held in the United States of America:	
Freehold:	
The Quail	Golf club and resort
8205 Valley Greens Drive, Carmel, California	
Vacant land, near The Quail	Undetermined
The Peninsula Chicago,	
108 East Superior Street	
(at North Michigan Avenue), Chicago, Illinois	Hotel
Long-term lease (over 50 years):	
The Peninsula New York,	
700 Fifth Avenue at 55th Street, New York	Hotel and commercial rentals
Held in France:	
Freehold:	
21 avenue Kléber, Paris	Commercial rentals
21 Rue de Longchamp, Paris	Residential
Held in the United Kingdom:	
Long-term lease (over 50 years):	
1-5 Grosvenor Place,	
London SW1X 7YL	Hotel
Held in Myanmar:	
Medium term lease (between 10 and 50 years):	
371-380 Bogyoke Aung San Road, Yangon	Redevelopment on hold

13. Properties held/under development for sale (HK$m)

	2024	2023
At 1 January	**4,382**	5,169
Addition	**181**	922
Cost of inventories sold	**(3,086)**	(1,999)
Exchange adjustment	**(5)**	290
At 31 December	**1,472**	4,382

The group owns a 100% interest in The Peninsula London Complex which comprises a 190-room Peninsula hotel and 24 luxury Peninsula-branded Residences. The land area of the overall site is approximately 67,000 square feet and the gross floor area of the Peninsula Residences is approximately 119,000 square feet.

During the year, a total of 7 (2023: 10) Peninsula Residences were handed over to the buyers and the related carrying amount of inventories of HK$3,086 million (2023: HK$1,999 million) was charged as cost of inventories in the consolidated statement of profit or loss.

As at 31 December 2024, the group had entered into contract with a third-party purchaser (2023: 7 third-party purchasers) to pre-sell a further one unit (2023: 8 units) of The Peninsula Residences. However, reservation fees and pre-sale deposits paid by the purchasers are held in escrow accounts in accordance with the local regulations in the UK and therefore, such fees and deposits are not reflected in the consolidated statement of financial position.

14. Interest in joint ventures (HK$m)

	2024	2023
Share of net assets	**1,404**	1,071
Loans to PSW (note 31(b))	**458**	458
	1,862	1,529

(a) Details of the joint ventures, which are accounted for using the equity method in the group's consolidated financial statements, are as follows:

Company name	Form of business structure	Place of incorporation and operation	Particulars of issued and paid-up capital	Group's effective interest	Principal activity
The Peninsula Shanghai Waitan Hotel Company Limited (PSW)	Incorporated	PRC	US$117,500,000 (31 December 2023: US$117,500,000)	50%	Hotel investment and apartments held for sale
PIT İstanbul Otel İşletmeciliği Anonim Şirketi (PIT)	Incorporated	Türkiye	TRY6,110,197,428 (31 December 2023: TRY4,473,197,428)	50%	Hotel investment

(b) PSW has pledged its properties inclusive of the land use rights as security for an initial loan facility amounting to RMB1,220 million (HK$1,297 million) (2023: RMB1,220 million (HK$1,341 million)). As at 31 December 2024, the loan drawdown amounted to RMB934 million (HK$993 million) (2023: RMB954 million (HK$1,048 million)). The net carrying amount of these pledged assets amounted to RMB2,077 million (HK$2,208 million) (2023: RMB2,156 million (HK$2,369 million)).

Notes to the Financial Statements

14. Interest in joint ventures (HK$m) continued

(c) Set out below is a summary of the aggregate financial information of joint ventures, of which the group has a 50% share:

	2024	2023
EBITDA	**132**	63
Net loss from operations before non-operating items	**(148)**	(264)
Non-operating items, net of tax:		
Unrealised loss on revaluation of PSW's arcade, net of tax	**(36)**	(29)
Pre-opening expenses of PIT	**–**	(38)
Net loss after non-operating items	**(184)**	(331)
The group's share of results of the joint ventures	**(92)**	(166)

15. Interest in associates (HK$m)

	2024	2023
Interest in associates	**404**	448

(a) Details of the principal unlisted associates, which are accounted for using the equity method in the group's consolidated financial statements, are as follows:

Company name	Form of business structure	Place of incorporation and operation	Particulars of issued and paid-up capital	Group's effective interest*	Principal activity
19 Holding SAS (19 Holding)**	Incorporated	France	EUR1,000	20%	Investment holding
Majestic EURL (Majestic)	Incorporated	France	EUR80,000,000	20%	Hotel investment and investment holding
Le 19 Avenue Kléber	Incorporated	France	EUR100,000	20%	Hotel operation
The Belvedere Hotel Partnership (BHP) #	Partnership	United States of America	US$46,500,000	20%	Hotel investment

* The group's effective interest is held indirectly by the company.

** 19 Holding holds a 100% direct interest in Majestic which owns The Peninsula Paris.

BHP holds a 100% interest in The Peninsula Beverly Hills.

15. Interest in associates (HK$m) continued

(b) Included in the balance of interest in associates are long-term unsecured loans to 19 Holding of HK$365 million (2023: HK$413 million). These loans were made pro rata to the group's shareholding in 19 Holding and are interest-bearing at 2.9% (2023: 2.9%) and are repayable in December 2027.

(c) Majestic has pledged its hotel property as security for a loan facility amounting to EUR227 million (HK$1,834 million) (2023: EUR227 million (HK$1,963 million)). As at 31 December 2024, the loan drawdown amounted to EUR227 million (HK$1,834 million) (2023: EUR227 million (HK$1,963 million)). As at 31 December 2024, the net carrying amount of the pledged asset amounted to EUR448 million (HK$3,619 million) (2023: EUR476 million (HK$4,116 million)).

(d) BHP has pledged its hotel property to an independent financial institution as security for BHP's loan facility, amounting to US$110 million (HK$858 million) (2023: US$110 million (HK$858 million)). As at 31 December 2024, the loan drawdown amounted to US$110 million (HK$858 million) (2023: US$110 million (HK$858 million)). The net carrying amount of the pledged asset amounted to US$34 million (HK$265 million) (2023: US$33 million (HK$257 million)).

(e) Set out below is a summary of the aggregate financial information of the associates, of which the group has a 20% share:

	2024	2023
EBITDA	**261**	236
Net loss from continuing operations	**(79)**	(91)
The group's share of results of the associates	**(16)**	(18)

Notes to the Financial Statements

16. Hotel operating rights and trademarks (HK$m)

	2024	2023
Cost		
At 1 January	**696**	676
Exchange adjustments	**(33)**	20
At 31 December	**663**	696
Accumulated amortisation		
At 1 January	**(237)**	(220)
Exchange adjustments	**7**	(3)
Amortisation for the year	**(14)**	(14)
At 31 December	**(244)**	(237)
Net book value	**419**	459

Hotel operating rights and trademarks represent the cost attributable to securing the group's rights to operate The Peninsula Beverly Hills and The Peninsula Paris as well as the cost of acquisition of certain trademarks for The Peninsula Istanbul. Hotel operating rights and trademarks are amortised on a straight-line basis over the terms of the relevant operating periods of The Peninsula Beverly Hills, The Peninsula Paris and The Peninsula Istanbul respectively.

The amortisation charge for the year is included in "Depreciation and amortisation" in the consolidated statement of profit or loss.

17. Derivative financial instruments (HK$m)

	2024		2023	
	Assets	**Liabilities**	Assets	Liabilities
Cash flow hedges:				
Interest rate swaps	**153**	**–**	220	–
Forward foreign exchange contracts	**13**	**–**	–	–
	166	**–**	220	–
Less: Portion to be settled within one year				
Cash flow hedges:				
Interest rate swaps	**–**	**–**	(2)	–
Forward foreign exchange contracts	**(13)**	**–**	–	–
	(13)	**–**	(2)	–
Amount to be settled after one year	**153**	**–**	218	–

18. Income tax in the consolidated statement of financial position (HK$m)

(a) Current taxation

	2024	2023
Provision for Hong Kong Profits Tax net provisional profits tax paid	**18**	74
Provision for overseas taxes	**43**	24
	61	98
Represented by:		
Tax recoverable (note 20)	**(11)**	(4)
Current tax payable	**72**	102
	61	98

(b) Deferred tax assets and liabilities recognised

The components of deferred tax (assets)/liabilities of the group recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Revaluation of investment properties	Tax allowances in excess of the related depreciation	Provisions and others	Tax losses	Cash flow hedges	Right-of-use assets	Lease liabilities	Total
Deferred tax arising from:								
At 1 January 2023	253	866	(26)	(586)	56	460	(514)	509
Exchange adjustments	(2)	(2)	–	–	–	(25)	28	(1)
Charged to reserve	–	–	–	–	(22)	–	–	(22)
(Credited)/charged to profit or loss	(5)	136	19	(172)	–	(13)	56	21
At 31 December 2023 and at 1 January 2024	**246**	**1,000**	**(7)**	**(758)**	**34**	**422**	**(430)**	**507**
Exchange adjustments	**(6)**	**(11)**	**–**	**10**	**–**	**(42)**	**45**	**(4)**
Credited to reserve	**–**	**–**	**–**	**–**	**(9)**	**–**	**–**	**(9)**
Charged/(credited) to profit or loss	**5**	**53**	**9**	**(42)**	**–**	**–**	**(4)**	**21**
At 31 December 2024	**245**	**1,042**	**2**	**(790)**	**25**	**380**	**(389)**	**515**

Deferred tax assets and liabilities are netted off when the taxes relate to the same taxation authority and where offsetting is legally enforceable.

The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statement of financial position.

	2024	2023
Deferred tax assets	**153**	151
Deferred tax liabilities	**(668)**	(658)
	(515)	(507)

Notes to the Financial Statements

18. Income tax in the consolidated statement of financial position (HK$m) continued

(b) Deferred tax assets and liabilities recognised continued

In accordance with the accounting policy set out in note 34(q), the group has not recognised deferred tax assets totalling HK$562 million (2023: HK$503 million) in respect of certain accumulated tax losses of HK$2,102 million (2023: HK$1,804 million) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The expiry dates of these tax losses are as follows:

	2024	2023
Expiring in one year	200	75
After one year but within five years	503	538
After five years but within 20 years	930	1,129
Without expiry date	469	62
	2,102	1,804

The group does not have any deferred tax liabilities arising from any undistributable profit in 2024 and 2023.

19. Inventories (HK$m)

	2024	2023
Food and beverage and others	123	114

The cost of inventories recognised as expenses in the consolidated statement of profit or loss amounted to HK$509 million (2023: HK$436 million).

20. Trade and other receivables (HK$m)

	2024	2023
Trade debtors	424	409
Rental deposits, payments in advance and other receivables	367	390
Contract assets	16	50
Tax recoverable (note 18(a))	11	4
	818	853

Contract assets represent prepaid commissions in respect of The Peninsula London Residences, which are expected to be recognised in the consolidated statement of profit or loss within one year.

20. Trade and other receivables (HK$m) continued

The amount of the group's trade and other receivables expected to be recovered or recognised as expenses after more than one year is HK$187 million (2023: HK$178 million). All the other trade and other receivables are expected to be recovered or recognised as expenses within one year.

The ageing analysis of trade debtors is as follows:

	2024	2023
Current	**369**	344
Less than one month past due	**25**	22
One to three months past due	**12**	15
More than three months but less than 12 months past due	**18**	28
Amounts past due	**55**	65
	424	409

Trade debtors are normally due within 30 days from the date of billing. Further details on the group's credit policy and credit risk arising from trade debtors are set out in note 28(d).

21. Cash and cash equivalents and other cash flow information (HK$m)

(a) Cash at banks and in hand

	2024	2023
Interest-bearing bank deposits	**519**	408
Cash at banks and in hand	**376**	473
Total cash at banks and in hand	**895**	881
Less: Bank deposits with maturity of more than three months	**(185)**	(161)
Cash and cash equivalents in the consolidated statement of cash flows	**710**	720

Cash at banks and in hand (including interest-bearing bank deposits) at the end of the reporting period include amounts of HK$351 million (2023: HK$332 million) held by overseas subsidiaries which are subject to regulatory and foreign exchange restrictions.

Notes to the Financial Statements

21. Cash and cash equivalents and other cash flow information (HK$m) continued

(b) Reconciliation of liabilities arising from financing activities

	Interest-bearing borrowings (note 23)	Lease liabilities (note 24)	Derivative financial instruments (note 17)	Interest payable (note 22)	Total
As at 1 January 2023	15,192	2,792	(349)	23	17,658
Changes from financing cashflows					
Drawdown of term loans	2,139	–	–	–	2,139
Repayment of term loans	(1,631)	–	–	–	(1,631)
Net decrease in revolving loans	(154)	–	–	–	(154)
Interest paid and other financing charges	(21)	–	–	(710)	(731)
Capital element of lease rental paid	–	(27)	–	–	(27)
Interest element of lease rental paid	–	(121)	–	–	(121)
Change in fair value					
Effective portion of changes in fair values	–	–	129	–	129
Other changes					
Exchange difference	362	(36)	–	–	326
Financing charges	27	107	–	184	318
Capitalised borrowing costs (note 5)	–	29	–	546	575
Changes in other working capital	–	(11)	–	–	(11)
As at 31 December 2023 and 1 January 2024	**15,914**	**2,733**	**(220)**	**43**	**18,470**
Changes from financing cashflows					
Drawdown of term loans	**2,226**	**–**	**–**	**–**	**2,226**
Repayment of term loans	**(3,579)**	**–**	**–**	**–**	**(3,579)**
Net decrease in revolving loans	**(851)**	**–**	**–**	**–**	**(851)**
Interest paid and other financing charges	**(15)**	**–**	**–**	**(693)**	**(708)**
Capital element of lease rental paid	**–**	**(26)**	**–**	**–**	**(26)**
Interest element of lease rental paid	**–**	**(136)**	**–**	**–**	**(136)**
Change in fair value					
Effective portion of changes in fair values	**–**	**–**	**54**	**–**	**54**
Other changes					
Exchange difference	**(332)**	**(150)**	**–**	**–**	**(482)**
Financing charges	**26**	**136**	**–**	**620**	**782**
Capitalised borrowing costs (note 5)	**–**	**–**	**–**	**66**	**66**
Increase in lease liabilities from entering into new leases during the year	**–**	**55**	**–**	**–**	**55**
As at 31 December 2024	**13,389**	**2,612**	**(166)**	**36**	**15,871**

22. Trade and other payables (HK$m)

	2024	2023
Trade creditors	**176**	169
Interest payable	**36**	43
Accruals for properties, plant and equipment and properties held/under development for sale	**196**	264
Tenants' deposits	**352**	339
Guest deposits and gift vouchers	**203**	203
Other payables	**1,005**	1,045
Financial liabilities measured at amortised cost	**1,968**	2,063
Less: Non-current portion of trade and other payables	**(145)**	(113)
Current portion of trade and other payables	**1,823**	1,950

As at 31 December 2024, trade and other payables of the group expected to be settled or recognised as income after more than one year amounted to HK$145 million (2023: HK$113 million). The other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The Directors consider that the carrying amount of all trade and other payables approximates their fair value.

The ageing analysis of trade creditors is as follows:

	2024	2023
Less than three months	**166**	137
Three to six months	**8**	28
More than six months	**2**	4
	176	169

Notes to the Financial Statements

23. Interest-bearing borrowings (HK$m)

	2024	2023
Total facilities available:		
Term loans and revolving credits	**16,076**	19,160
Uncommitted facilities, including bank overdrafts	**232**	232
	16,308	19,392
Utilised at 31 December:		
Term loans and revolving credits	**13,258**	15,801
Uncommitted facilities, including bank overdrafts	**162**	156
	13,420	15,957
Less: Unamortised financing charges	**(31)**	(43)
	13,389	15,914
Represented by:		
Long-term bank loans, repayable within one year	**7,388**	2,504
Short-term bank loans and overdrafts, repayable on demand	**–**	–
	7,388	2,504
Long-term bank loans, repayable:		
Between one and two years	**2,927**	9,414
Between two and five years	**3,105**	4,039
Over five years	**–**	–
	6,032	13,453
Less: Unamortised financing charges	**(31)**	(43)
Non-current portion of long-term bank loans	**6,001**	13,410
Total interest-bearing borrowings	**13,389**	15,914

All of the interest-bearing borrowings are unsecured. The group intends to refinance these loan facilities upon their maturities.

As at 31 December 2024, the group's committed facilities included green loans and sustainability linked loan facilities of HK$5,111 million (2023: HK$6,885 million) and HK$4,855 million (2023: HK$6,247 million) respectively. The sustainability interest margin discount applicable to the sustainability linked loan facilities, ranging from 2 basis points to 4 basis points, are determined by reference to the key performance indicators relating to the group's carbon intensity, energy intensity, waste diversion and status of sustainability certificates.

24. Lease liabilities (HK$m)

The group is the lessee in respect of a number of properties which are leased from third party landlords. Pursuant to its accounting policy, the group capitalises the present value of the future minimum lease payments of its leased properties as right-of-use assets (note 12(e)) and the corresponding credit is recognised as lease liabilities. The group remeasures its lease liabilities at each accounting period end to reflect the interest accrued on the outstanding lease liabilities and the lease payments made.

The following table shows the remaining contractual maturities of the group's minimum lease liabilities at the end of the current and previous reporting periods:

	2024	2023
Carrying value		
Current portion	**160**	149
Non-current portion	**2,452**	2,584
	2,612	2,733
Contractual undiscounted cash outflow		
Within one year	**160**	149
After one year but within two years	**160**	144
After two years but within five years	**277**	287
After five years	**11,219**	11,743
	11,816	12,323

25. Share capital

	2024		2023	
	No. of shares (million)	**HK$m**	No. of shares (million)	HK$m
Ordinary shares, issued and fully paid:				
At 1 January	**1,649**	**5,837**	1,649	5,837
Shares issued under scrip dividend scheme (note)	**18**	**110**	–	–
At 31 December	**1,667**	**5,947**	1,649	5,837

In accordance with Section 135 of the Companies Ordinance, the ordinary shares of the company do not have a par value.

All shareholders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All ordinary shares rank equally with regard to the company's residual assets.

Note

During 2024, the company issued and allotted new shares under the 2023 scrip dividend scheme at scrip price of HK$6.276.

Notes to the Financial Statements

26. Reserves (HK$m)

The reconciliation between the opening and closing balances of each component of the group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the company's individual components of equity between the beginning and the end of the year are set out below:

(a) Company

	Capital reserve	Retained profits	Total
At 1 January 2023	4,975	5,497	10,472
Profit for the year	–	435	435
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	435	435
At 31 December 2023	4,975	5,932	10,907
At 1 January 2024	**4,975**	**5,932**	**10,907**
Profit for the year	**–**	**228**	**228**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**228**	**228**
Dividends approved in respect of the previous year	**–**	**(132)**	**(132)**
At 31 December 2024	**4,975**	**6,028**	**11,003**

(b) Nature and purpose of reserves

Capital reserve

The company's capital reserve represents the profit recognised on the intra-group transfer of properties as a result of the corporate restructuring in 1991.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges, pending subsequent recognition of the hedged cash flows in accordance with the accounting policy adopted for cash flow hedges in note 34(d).

Exchange and other reserves

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 34(t). Other reserves mainly comprise other comprehensive income recognised for the remeasurement of net defined benefit retirement obligations and the surplus on revaluation of land and building held for own use arising upon their transfer to investment properties. The relevant accounting policies for which are set out in notes 34(p) and 34(f) respectively.

(c) Reserves available for distribution

At 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, was HK$6,028 million (2023: HK$5,932 million). After the end of the reporting period, the Board of Directors has resolved not to declare a final dividend for the year (2023: 8 HK cents per share, amounting to HK$132 million). The dividend for 2023 had not been recognised as a liability at the end of the last reporting period.

26. Reserves (HK$m) continued

(d) Capital management

The group takes a long-term view of its business and consequently the planning of the use of capital. The group's primary objectives when managing its capital are to safeguard the group's ability to continue as a going concern, to secure access to finance at a reasonable cost relative to risk and to provide an appropriate return to shareholders. In so doing, it seeks to achieve an appropriate balance between shareholders' equity and external debt by taking into account the cost of capital and the efficiency of using the capital.

The group regularly reviews its capital structure and actively monitors current and expected liquidity requirements to ensure its obligations and commitments are met. A proactive approach is taken to forecasting future funding requirements and, when funds are needed, market conditions are evaluated to determine the best form of finance to be secured.

In addition, the group maintains sufficient cash reserves and adequate committed borrowing facilities from major financial institutions to ensure funds are available to meet its financial obligations and to finance its growth and development.

The group monitors its capital structure based on the ratio of net debt to equity attributable to shareholders. The group's share of net borrowings of the non-consolidated entities (associates and joint ventures), if any, are also taken into account. The calculations of the ratios of net debt to equity attributable to shareholders before and after the non-consolidated entities as at 31 December 2024 and 2023 are as follows:

	2024	2023
Interest-bearing borrowings	**13,389**	15,914
Less: Cash at banks and in hand	**(895)**	(881)
Net borrowings per the statement of financial position	**12,494**	15,033
Share of net borrowings of non-consolidated entities	**886**	950
Net borrowings adjusted for non-consolidated entities	**13,380**	15,983
Equity attributable to shareholders of the company per the consolidated statement of financial position	**35,401**	36,279
Net debt to equity attributable to shareholders ratio based on the consolidated financial statements	**35%**	41%
Net debt to equity attributable to shareholders ratio adjusted for non-consolidated entities	**38%**	44%

During 2024, the group continued to operate within its long-term treasury management guidelines.

The group is subject to certain covenants that are commonly found in lending arrangements with financial institutions. The group complied with such covenants as at 31 December 2023 and 2024. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the Financial Statements

27. Employee retirement benefits (HK$m)

(a) Defined benefit retirement obligations

The group maintains a non-contributory defined benefit retirement plan covering 315 employees (2023: 368 employees) of Manila Peninsula Hotel, Inc. (MPHI), a Philippine subsidiary of the company. Such plan is administered by an independent trustee with the assets, if any, held separately from those of the group. The defined benefit retirement obligations as at 31 December 2024 of MPHI are estimated by qualified staff of Actuarial Advisers, Inc. who are members of the Actuarial Society of the Philippines using the projected unit credit method. The present value of the uncovered obligations was fully provided for as at 31 December 2024.

The amounts recognised in the group's consolidated statement of financial position are as follows:

	2024	2023
Present value of wholly or partly funded obligations	**30**	30
Fair value of plan assets	**(9)**	(10)
	21	20
Fair value of plan assets as a percentage of obligation	**30%**	33%

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

The principal actuarial assumptions used as at 31 December 2024 and 2023 are as follows:

	2024	2023
Discount rate	**from 2.4% to 6.5%**	from 3.1% to 6.5%
Future salary increases	**4.0% to 4.5%**	4.0% to 5.0%

The analysis below shows how the defined benefit obligations as at 31 December 2024 would have increased/(decreased) as a result of changes in the significant actuarial assumptions:

	Defined benefit obligations	
	Increase	Decrease
Discount rate (0.5% change)	(1)	1
Future salary (1% change)	2	(2)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

27. Employee retirement benefits (HK$m) continued

(b) Defined contribution retirement plans

The group has a defined contribution retirement plan covering 1,549 employees (2023: 1,476 employees), most of whom are in Hong Kong. The defined contribution retirement plan is formally established under an independent trust with the assets of the funds held separately from those of the group by an independent trustee. The plan is registered under the Occupational Retirement Schemes Ordinance in Hong Kong and is exempted under the Mandatory Provident Fund Schemes (Exemption) Regulation. Employees covered by this plan are not required to make contributions and funds contributed by employers are fully vested with their employees immediately. The average contribution rate against employees' relevant income for the year was 12% (2023: 12%).

In addition, the group participates in the Mandatory Provident Fund Scheme (the MPF Scheme) under the Mandatory Provident Fund Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance, which is operated by an independent service provider to cover 150 employees (2023: 132 employees) in Hong Kong who are not covered by the above defined contribution retirement plan. The MPF Scheme is a defined contribution retirement plan administrated by independent trustees. Contributions at a fixed rate of 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 per employee, are made to the Scheme by both the employer and the employee and vest immediately.

The group also operates several defined contribution retirement plans, including union pension schemes for its overseas subsidiaries covering 2,783 employees (2023: 2,638 employees) in other Asian countries and the United States of America, in accordance with the respective applicable labour regulations.

Total contributions to all of the above defined contribution retirement plans made by the group amounted to HK$165 million (2023: HK$137 million) and was charged to the consolidated statement of profit or loss during the year.

28. Financial risk management and fair values

The group is exposed to foreign exchange, interest rate, liquidity and credit risks in its normal course of business. The group's exposure to these risks, as well as various techniques and derivative financial instruments used to manage these risks, are described below.

(a) Foreign exchange risk

The group manages its foreign exchange exposure with a view to protecting its net assets and profitability against adverse fluctuations in exchange rates. The company reports its results in Hong Kong Dollars. In the light of the Hong Kong Dollar peg, the group does not hedge United States Dollar exposures and it aims to preserve its value in Hong Kong Dollar and/or United States Dollar terms.

Foreign exchange risk may arise in sale and purchase transactions which give rise to receivables, payables and cash balances that are denominated in a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States Dollars, Euros, Great Britain Pounds, Renminbi, Japanese Yen, Thai Baht and Philippine Pesos.

Notes to the Financial Statements

28. Financial risk management and fair values continued

(a) Foreign exchange risk continued

Hedge of foreign exchange risk in forecast transactions

In respect of committed future transactions and highly probable forecast transactions, the group usually hedges its estimated foreign currency transaction exposures if the foreign exchange risk of these exposures is considered to be significant. The group mainly uses forward exchange contracts to hedge this type of foreign exchange risk and classifies these contracts as cash flow hedges.

The group applies a hedge ratio of 1:1 and determines the existence of an economic relationship between the hedging instruments and the highly probable forecast transactions based on their currency amounts and the timing of their respective cash flows.

The main source of ineffectiveness in these hedging relationships are:

(i) the effect of the counterparty's and the group's own credit risk on the fair value of the forward exchange contracts which is not reflected in the change in the value of the hedged cash flows attributable to the forward rate; and

(ii) changes in the timing of the hedging transactions.

The following table provides a reconciliation of the hedging reserve in respect of foreign currency risk and shows the effectiveness of the hedging relationships:

	2024	2023
Balance at 1 January	**–**	–
Effective portion of the cash flow hedge recognised in other comprehensive income	**(5)**	–
Related tax	**1**	–
Balance at 31 December	**(4)**	–
Hedge ineffectiveness recognised in profit or loss	**–**	–
Change in fair value of the forward exchange contracts during the year	**(4)**	–
Effective portion of the cash flow hedge recognised in other comprehensive income	**(4)**	–

At 31 December 2023, the group did not have forward exchange contracts to hedge foreign exchange risk in forecast transactions.

Recognised assets and liabilities

The group has foreign currency monetary assets and liabilities that are denominated in a currency other than the functional currency of the operations to which they relate. Exchange differences arising on settling or translating these foreign currency monetary items at rates different from those at dates of transactions giving rise to these monetary items are recognised in the statement of profit or loss.

The group usually hedges most of the foreign exchange exposures arising from significant foreign currency monetary assets and liabilities, including foreign currency borrowings. The group mainly uses cross currency swaps, foreign exchange swaps or forward exchange contracts to hedge this type of foreign exchange risk and classifies these derivative financial instruments as cash flow hedges or at fair value through profit or loss, depending on whether the future foreign currency cash flows are fixed or not.

28. Financial risk management and fair values *continued*

(a) Foreign exchange risk *continued*

***Recognised assets and liabilities** continued*

Changes in the fair value of these cash flow hedges or derivative financial instruments at fair value through profit or loss are recognised in the hedging reserve or the statement of profit or loss respectively.

All of the group's borrowings are denominated in the functional currency of the operations to which they relate. Given this, it is not expected that there will be any significant currency risk associated with the group's borrowings.

Net investment in foreign subsidiaries

At 31 December 2024 and 2023, the group did not hedge any net investment in foreign subsidiaries.

Exposure to foreign exchange risk

The following table details the group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. The amounts of the exposure are shown in original currency. Differences resulting from the translation of the financial statements of the foreign operations into the group's presentation currency and exposures arising from inter-company balances which are denominated in a foreign currency and is considered to be in the nature of investment in the subsidiary, joint ventures and associates are excluded.

	2024			2023		
(million)	**United States Dollars**	**Euros**	**GBP**	United States Dollars	Euros	GBP
Trade and other receivables	**12**	**28**	**3**	29	12	13
Cash at banks and in hand	**5**	**6**	**1**	9	1	–
Trade and other payables	**(45)**	**(7)**	**(2)**	(62)	(6)	(9)
Net exposure arising from recognised assets and liabilities	**(28)**	**27**	**2**	(24)	7	4

Based on the sensitivity analysis performed as at 31 December 2024, it was estimated that an increase/decrease of 10% (2023: 10%) in foreign exchange rate in respect of financial instruments denominated in currency other than the functional currencies, with all other variables held constant, would not have significant impact on the group's post-tax loss and other components of equity.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's interest rate risk arises primarily from borrowings. Borrowings bearing floating interest rates that are reset on a regular basis as market interest rates change expose the group to cash flow interest rate risk.

Notes to the Financial Statements

28. Financial risk management and fair values continued

(b) Interest rate risk continued

The group seeks to hedge the benchmark interest rate component only. As at 31 December 2024, the group had interest rate swaps that are classified as cash flow hedges with a total notional contract amount of HK$4,969 million (2023: HK$5,281 million) maturing over the next 3 years (2023: 4 years). Changes in fair value of these swaps accounted for as cash flow hedges are recognised in the hedging reserve. The group locked in the following ranges of fixed rates by the swaps at 31 December 2024:

	31 December 2024	31 December 2023
Pounds	**0.65% to 4.02%**	0.65% to 4.61%
Hong Kong dollars	**0.78% to 3.55%**	0.78% to 2.89%

The net fair value of all the swaps entered into by the group at 31 December 2024 and 2023 was as follows (HK$m):

	2024	2023
Cash flow hedges (note 17)	**153**	220

The existence of an economic relationship between the interest rate swaps and the variable rate borrowings is determined by matching their critical contract terms, including the reference interest rates, tenors, interest repricing dates, maturity dates, interest payment and/or receipt dates, the notional amounts of the swaps and the outstanding principal amounts of the loans. The main source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the group's own credit risk on the fair value of the swaps which is not reflected in the fair value of the hedged cash flows attributable to the change in interest rates.

The following table provides a reconciliation of the hedging reserve in respect of interest rate risk and shows the effectiveness of the hedging relationships:

	2024	2023
Balance at 1 January	**183**	290
Effective portion of the cash flow hedge recognised in other comprehensive income	**(67)**	(129)
Related tax	**11**	22
Balance at 31 December	**127**	183
Change in fair value of the interest rate swap during the year	**69**	13
Transfer from equity to profit or loss	**(125)**	(120)
Effective portion of the cash flow hedge recognised in other comprehensive income	**(56)**	(107)

28. Financial risk management and fair values continued

(b) Interest rate risk continued

The following table details the profile of the group's borrowings at the end of the reporting period, after taking into account the effect of interest rate swaps designated as cash flow hedging instruments.

	2024 Effective interest rate	**2024** HK$m	2023 Effective interest rate	2023 HK$m
Fixed rate borrowings:				
Bank loans	**3.7%**	**6,261**	3.8%	7,549
Floating rate borrowings:				
Bank loans	**5.1%**	**7,128**	5.5%	8,365
Total interest-bearing borrowings		**13,389**		15,914
Fixed rate borrowings as a percentage of total borrowings		**47%**		47%

On the other hand, as at 31 December 2024 and 2023, the group had short-term bank deposits. Since these deposits are placed for short-term liquidity purposes, the group has no intention to lock in their interest rates for the long-term. The interest rate profile of these bank deposits at the end of the reporting period is summarised as follows:

	2024 Effective interest rate	**2024** HK$m	2023 Effective interest rate	2023 HK$m
Floating rate instruments:				
Bank deposits	**2.77%**	**516**	3.48%	392

Sensitivity analysis

The following table indicates the approximate changes in the group's (loss)/profit after taxation (and retained profits) and other components of consolidated equity in response to reasonably possible changes in the interest rates, with all other variables held constant, to which the group has significant exposure at the end of the reporting period. As at 31 December 2024 and 2023, the effects were attributable to changes in interest income and expense relating to floating rate financial instruments and gains or losses resulting from changes in the fair value of derivative financial instruments.

Notes to the Financial Statements

28. Financial risk management and fair values continued

(b) Interest rate risk continued

***Sensitivity analysis** continued*

	2024 Increase/ (decrease) in interest rates (basis points)	2024 (Increase)/ decrease in loss after taxation and increase/ (decrease) in retained profits (HK$m)	2024 Increase/ (decrease) in other components of equity (HK$m)	2023 Increase/ (decrease) in interest rates (basis points)	2023 (Decrease)/ increase in profit after taxation and increase/ (decrease) in retained profits (HK$m)	2023 Increase/ (decrease) in other components of equity (HK$m)
HK Dollars	**100**	**(23)**	**28**	100	(19)	35
	(100)	**23**	**(28)**	(100)	19	(34)
Renminbi	**100**	**2**	**–**	100	1	–
	(100)	**(2)**	**–**	(100)	(1)	–
Thai Baht	**100**	**(1)**	**–**	100	(1)	–
	(100)	**1**	**–**	(100)	1	–
Japanese Yen	**50**	**(4)**	**–**	50	(5)	–
	(50)	**4**	**–**	(50)	5	–
US Dollars	**100**	**(4)**	**–**	100	(2)	–
	(100)	**4**	**–**	(100)	2	–
Euros	**100**	**(3)**	**–**	100	(4)	–
	(100)	**3**	**–**	(100)	4	–
GBP	**100**	**(20)**	**42**	100	–	45
	(100)	**20**	**(42)**	(100)	–	(45)

The sensitivity analysis above indicates the instantaneous change in the group's (loss)/profit after taxation (and retained profits) and other components of consolidated equity that would have arisen, assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the group and which expose the group to fair value interest rate risk at the end of the reporting period. In respect of exposure to cash flow interest rate risk arising from the floating rate non-derivative financial instruments (which include bank borrowings and deposits) held by the group at the end of the reporting period, the impact on the group's (loss)/profit after taxation (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such changes in interest rates. The analysis has been performed on the same basis as for 2023.

28. Financial risk management and fair values continued

(c) Liquidity risk

Borrowings and cash management, including short-term investment of surplus cash, are arranged centrally to cover expected cash requirements. The group's policy is to regularly monitor current and expected liquidity requirements and compliance with loan covenants to ensure that it maintains sufficient cash reserves and adequate committed borrowing facilities from major financial institutions to meet its obligations and commitments in the short and longer term.

At 31 December 2024, total available borrowing facilities amounted to HK$16,308 million (2023: HK$19,392 million), of which HK$13,420 million (2023: HK$15,957 million) was drawn down. Undrawn committed facilities, in the form of revolving credit and term loan facilities, totaled HK$2,818 million (2023: HK$3,359 million).

The following table details the remaining contractual maturities at the end of the reporting period of the group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the group can be required to pay:

	2024						2023					
		Contractual undiscounted cash outflow/(inflow)						Contractual undiscounted cash outflow/(inflow)				
(HK$m)	Statement of financial position carrying amount	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Statement of financial position carrying amount	Total	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Trade creditors	176	176	176	-	-	-	169	169	169	–	–	–
Interest payable	36	36	36	-	-	-	43	43	43	–	–	–
Accruals for property, plant and equipment and properties held/under development for sale	196	196	196	-	-	-	264	264	264	–	–	–
Tenants' deposits	352	352	207	32	40	73	339	339	226	21	48	44
Guest deposits and gift vouchers	203	203	203	-	-	-	203	203	203	–	–	–
Other payables	1,005	1,005	1,005	-	-	-	1,045	1,045	1,045	–	–	–
Lease liabilities	2,612	11,816	160	160	277	11,219	2,733	12,323	149	144	287	11,743
Interest-bearing borrowings	13,389	14,595	7,996	3,179	3,420	-	15,914	17,590	3,358	9,823	4,409	–
Interest rate swaps (net settled)	(153)	(158)	(116)	(43)	1	-	(220)	(225)	(124)	(75)	(26)	–
Forward foreign exchange contracts held as cash flow hedging instruments												
– outflow	-	297	297	-	-	-	–	–	–	–	–	–
– inflow	(13)	(309)	(309)	-	-	-	–	–	–	–	–	–
Current taxation	72	72	72	-	-	-	102	102	102	–	–	–
	17,875	28,281	9,923	3,328	3,738	11,292	20,592	31,853	5,435	9,913	4,718	11,787

Notes to the Financial Statements

28. Financial risk management and fair values continued

(d) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group. The group's credit risk is primarily attributable to bank deposits, trade and other receivables and derivative financial instruments and is monitored on an ongoing basis.

To minimise credit exposure for bank deposits and derivative financial instruments, the group transacts with financial institutions with good credit ratings and diversifies its exposure to various financial institutions in accordance with group guidelines. All bank deposits are subject to a single counterparty exposure limit and a composite counterparty exposure limit. The credit ratings of the financial institutions are closely monitored throughout the lives of the transactions.

At 31 December 2024, cash at banks and in hand amounted to HK$895 million (2023: HK$881 million), of which HK$516 million (2023: HK$394 million) was placed as time deposits with financial institutions with credit ratings of no less than BBB (issued by Standard & Poor's Rating Services (S&P)) or Baa2 (issued by Moody's Investors Services, Inc. (Moody's)) and there was no significant concentration risk to any single counterparty.

For derivative financial instruments, the credit ratings of the financial institutions were no less than A (S&P) or A1 (Moody's).

The group maintains a defined credit policy to ensure that credit is given only to customers with an appropriate credit history. Credit evaluations are performed for all significant customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Credit limits are set for customers based on their credit worthiness and past history. Trade receivables are normally due within 30 days from the date of billing. In respect of the group's rental income from operating leases, rentals are normally received in advance and sufficient rental deposits are held to cover potential exposure to credit risk. Other than this, as such, the group normally does not obtain collateral from its customers. The ageing of trade debtors at 31 December 2024 is summarised in note 20. The expected credit losses for these balances were not material at 31 December 2024, therefore no loss allowance was provided at 31 December 2024.

The group's exposure to credit risk is influenced mainly by individual characteristics of each customer rather than the industry or country in which the customers operate; therefore, it is considered that there is no concentration of credit risk as the group has no significant exposure to individual customers given the large number of customers.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including the derivative financial instruments, in the consolidated statement of financial position after deducting any impairment allowance. The group does not provide any other guarantee which would expose the group to any material credit risk.

28. Financial risk management and fair values *continued*

(e) Fair values

(i) Financial instruments carried at fair value

HKFRS 13, *Fair value measurement* requires disclosure of the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

All derivative financial instruments carried at fair value are categorised as falling under Level 2 of the fair value hierarchy.

(ii) Fair values of financial instruments carried at other than fair value

Financial instruments are carried at amounts not materially different from their fair values as at 31 December 2024. Advances to the joint venture are unsecured, interest free and have no fixed repayment terms. Given these terms, it is not meaningful to disclose the fair values. The group has no intention of disposing these loans.

(f) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Derivative financial instruments

Forward foreign exchange contracts and foreign exchange swaps are either marked to market using listed market prices, or by discounting the contractual forward price and deducting the current spot rate. The fair values of interest rate swaps and cross currency interest-rate swaps are the estimated amount that the group would receive or pay to terminate the swaps at the end of the reporting period, taking into account current interest rates, foreign exchange rates and the current creditworthiness of the swap counterparties.

When discounted cash flow techniques are used, estimated future cash flows are based on the management's best estimates and the discount rate is a market related rate for a similar instrument at the end of the reporting period. Where other pricing models are used, inputs are based on market related data at the end of the reporting period.

Notes to the Financial Statements

28. Financial risk management and fair values continued

(f) Estimation of fair values continued

***Derivative financial instruments** continued*

The group used the following discount rates for determining fair value of derivative financial instruments.

	31 December 2024	31 December 2023
Pounds	**4.1% to 4.7%**	3.5% to 5.2%
Hong Kong dollars	**2.9% to 3.4%**	4.1% to 5.0%

29. Commitments (HK$m)

Capital commitments outstanding as at 31 December 2024 and 2023 not provided for in the financial statements were as follows:

	2024 Contracted for	2024 Authorised but not contracted for	2024 Total	2023 Contracted for	2023 Authorised but not contracted for	2023 Total
Capital commitments in respect of:						
Existing properties	**112**	**561**	**673**	109	646	755
Special projects	**75**	**320**	**395**	43	1,491	1,534
	187	**881**	**1,068**	152	2,137	2,289
The group's share of capital commitments of joint ventures and associates	**31**	**50**	**81**	105	67	172
	218	**931**	**1,149**	257	2,204	2,461

30. Contingent liabilities

The Directors consider that there being no material contingent liabilities for the group as at 31 December 2024 and 2023.

31. Material related party transactions

Other than the Directors' remuneration and the loans advanced to an associate as disclosed in note 15, material related party transactions are set out as follows:

(a) Under a three-year tenancy agreement which commenced on 1 April 2019, a wholly-owned subsidiary of the company, HSH Management Services Limited (HMS), leased the entire storey on the 7th and 8th floors of St. George's Building, 2 Ice House Street, Central, Hong Kong at a market rent of HK$2,385,830 per month plus a monthly service charge of HK$259,247 from Kadoorie Estates Limited (KEL), which is controlled by one of the substantial shareholders of the company.

The above lease was renewed for 2 years commencing from 1 April 2022 at a monthly rent of HK$1,747,098 and service charge of HK$259,247.

31. Material related party transactions continued

The lease was further renewed for 3 years commencing from 1 April 2024 at an average monthly rent of HK$1,650,037 and service charge of HK$259,247. The present value of the future rentals of HK$54 million was recognised as an addition of right-of-use assets on the date of tenancy agreement in accordance with the group's accounting policy (note 34(h)) whereas the monthly service charges paid during the year were recognised as expenses in the company's consolidated statement of profit or loss.

The 2022 and 2024 tenancy agreements fall under the Listing Rules as connected transactions whilst the previous tenancy agreement falls as continued connected transaction. The company has complied with the disclosure requirements governing connected transaction under the Listing Rules. Details of these transactions are disclosed in relevant announcements issued by the company dated 27 March 2019, 28 March 2022 and 26 March 2024.

(b) Unsecured and interest-free shareholder's loans amounting to US$58.75 million (HK$458 million) (2023: US$58.75 million (HK$458 million)) were granted by Peninsula International Investment Holdings Limited (PIIHL), a wholly-owned subsidiary of the company, to the holding company of The Peninsula Shanghai Waitan Hotel Company Limited (PSW), a foreign owned enterprise incorporated in the People's Republic of China, of which the group has a 50% indirect interest. PSW is engaged in the operation of The Peninsula Shanghai Complex. As at 31 December 2024, shareholder's loans amounting to US$58.75 million (HK$458 million) (2023: US$58.75 million (HK$458 million)) had been contributed as capital of PSW.

(c) The company owns a 70% indirect interest in Peninsula Yangon Holdings Pte. Limited (PYH), a company incorporated in Singapore, which in turn holds a 100% direct interest in Peninsula Yangon Limited (PYL). PYL is incorporated in Myanmar and is engaged in the development and future operation of The Peninsula Yangon. As at 31 December 2024, unsecured and interest-free loans amounting to US$36 million (HK$278 million) (2023: US$35 million (HK$274 million)) were advanced to PYH by Yoma Strategic Investments Ltd. and First Myanmar Investment Public Company Limited, the 30% non-controlling shareholders of PYH. Such loans were fully injected by PYH into PYL to fund the development of The Peninsula Yangon.

(d) On 19 July 2019, Peninsula London, LP (PLLP), an indirect wholly-owned subsidiary of the company, entered into an agreement to sell a unit on an upper floor of The Peninsula London Residences to Hyde Park Properties Limited (HPPL) at a consideration of GBP28.75 million (HK$284 million). HPPL was at the time of that agreement owned and controlled by The Hon. Sir Michael Kadoorie, the Non-Executive Chairman and a substantial shareholder of the company. Prior to the completion of the sale, ownership and control of HPPL was transferred by Sir Michael with PLLP's consent to certain members of the Kadoorie family including Mr Philip Lawrence Kadoorie, a Non-Executive Director and a substantial shareholder of the company. HPPL remains owned and controlled by those persons. During the year ended 31 December 2024, the sale transaction was completed and proceeds of GBP28.75 million received by PLLP was recognised as revenue.

The transaction falls under the Listing Rules as connected transaction. The company has complied with the disclosure requirements governing connected transaction under the Listing Rules. Detail of the transaction is disclosed in the relevant announcement issued by the company dated 19 July 2019.

Notes to the Financial Statements

32. Key sources of estimation uncertainty

Notes 27(a) and 28 contain information about the assumptions and their risk factors relating to defined benefit retirement obligations and financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Valuation of investment properties

Investment properties are included in the consolidated statement of financial position at their open market value, which is assessed semi-annually by independent qualified valuers, after taking into consideration the net income allowing for reversionary potential. The assumptions adopted in the property valuations are based on the market conditions existing at the end of the reporting period, with reference to current market sales prices and the appropriate capitalisation rate.

(b) Estimated useful lives of other properties, plant and equipment

The group estimates the useful lives of its other properties, plant and equipment based on the periods over which the assets are expected to be available for use. The group reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes as well as environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of properties, plant and equipment would increase depreciation charges and decrease non-current assets.

(c) Asset impairment

The group assesses the impairment of assets in accordance with the accounting policy set out in note 34(i) and as explained in note 12(a). The factors that the group considers important in identifying indications of impairment and in assessing the impairment include the following:

- significant under-performance relative to expected historical or projected future operating results; and
- significant negative industry or economic trends.

33. Investment in subsidiaries

The following list contains only the particulars of subsidiaries which principally affect the results, assets or liabilities of the group. The class of shares held is ordinary unless otherwise stated.

Company name	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest*	Principal activities
The Peninsula Hotel Limited	Hong Kong	2 shares	100%	Hotel investment
The Repulse Bay Apartments Limited	Hong Kong	2 shares	100%	Property investment
The Repulse Bay Company, Limited	Hong Kong	2 shares	100%	Property investment
The Peak Tower Limited	Hong Kong	2 shares	100%	Property investment
Peak Tramways Company, Limited	Hong Kong	450,000 shares	100%	Tramway operation
St. John's Building Limited	Hong Kong	2 shares	100%	Property investment
Peninsula Merchandising Limited	Hong Kong	2 shares	100%	Wholesaling and retailing of merchandise
Tai Pan Laundry & Dry Cleaning Services, Limited	Hong Kong	5,000,000 shares	100%	Laundry and dry cleaning services
HSH Financial Services Limited	Hong Kong	1 share	100%	Lending and borrowing of funds

33. Investment in subsidiaries continued

Company name	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest*	Principal activity
Peninsula Clubs and Consultancy Services Limited	Hong Kong	1,000,000 shares	100%	Club management
HSH Management Services Limited	Hong Kong	10,000 shares	100%	Management and marketing services
Peninsula New York Hotel LLC	United States of America	Contributed capital of US$323,500,000	100%	Hotel investment
Peninsula Chicago LLC	United States of America	Contributed capital of US$57,038,089	100%	Hotel investment
Quail Lodge, Inc.	United States of America	10,652 shares of US$100 each	100%	Golf club, resort and property investment
Peninsula of Tokyo Limited	Japan	200 shares of JPY50,000 each	100%	Hotel investment
The Palace Hotel Co., Ltd.	People's Republic of China	Registered capital of US$161,921,686	76.6%**	Hotel investment
Manila Peninsula Hotel, Inc.	The Philippines	111,840,386 shares of Pesos 10 each	77.36%	Hotel investment
Siam Chaophraya Holdings Company Limited	Thailand	250,000 ordinary shares of THB2,000 each	100%#	Hotel investment
International Burotel Company Limited	Vietnam	Registered capital of US$6,866,667	70%##	Property investment
Le 21 Avenue Kléber SNC	France	1,801,000 shares of EUR1 each	100%	Property investment
Peninsula London, LP	United Kingdom	Contributed capital of GBP1,000	100%	Property investment and hotel investment
Peninsula Yangon Limited	Myanmar	43,900,000 shares of US$1 each	70%	Hotel investment

* *Except for HSH Financial Services Limited, all subsidiaries are indirectly held.*

** *The Palace Hotel Co., Ltd. is a sino-foreign co-operative joint venture with a reversionary interest to the PRC party at the end of the joint venture period.*

\# *Siam Chaophraya Holdings Company Limited (SCH) owns 100% interest in The Peninsula Bangkok.*

\#\# *The group owns 50% of the economic interest of International Burotel Company Limited with a reversionary interest to the Vietnam partner at the end of the joint venture period.*

The non-controlling interests in individual subsidiaries are considered immaterial to the group.

Notes to the Financial Statements

34. Material accounting policies

(a) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the company and its subsidiaries (together referred to as the group) and the group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

i) investment properties, including interest in leasehold/freehold land and buildings held as investment properties where the group is the registered owner of the property interest (see note 34(f)); and

ii) derivative financial instruments (see note 34(d)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that may have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 32.

(b) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the group has power, only substantive rights (held by the group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

34. Material accounting policies continued

(b) Subsidiaries and non-controlling interests continued

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the company. Non-controlling interests in the results of the group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the company.

Changes in the group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 34(c)).

In the company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 34(i)), unless the investment is classified as held for sale.

(c) Associates and joint ventures

An associate is an entity in which the group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method and is initially recorded at cost, adjusted for any excess of the group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the group's share of the investee's net assets and any impairment loss relating to the investment (see note 34(i)). Any acquisition-date excess over costs, the group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

Notes to the Financial Statements

34. Material accounting policies continued

(c) Associates and joint ventures continued

When the group's share of losses exceeds its interest in the associates or the joint ventures, the group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the group's interest is the carrying amount of the investment under the equity method, together with the any other long-term interests that, in substance, form part of the group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of a financial asset.

(d) Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify as cash flow hedge accounting.

The group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and variable rate borrowings (cash flow hedges).

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss. The amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

34. Material accounting policies continued

(e) Properties, plant and equipment

Hotel and other properties held for own use (including buildings held for own use which are situated on leasehold land), right-of-use assets arising from leases over freehold or leasehold properties where the group is not registered owner of the property interest and plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 34(i)).

The cost of self-constructed items of properties, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located and an appropriate proportion of production overheads and borrowing costs (see note 34(u)).

Depreciation is calculated to write-off the cost of items of properties, plant and equipment, less their estimated residual values, if any, on a straight-line basis over the shorter of the unexpired period of the land lease and the anticipated remaining useful lives of the assets. The useful lives which have been adopted are summarised as follows:

• leasehold land is depreciated over the unexpired term of lease	
• hotel buildings	75 to 150 years
• other buildings	50 years
• golf courses	100 years
• external wall finishes, windows, roofing and glazing works	10 to 40 years
• major plant and machinery	15 to 25 years
• furniture, fixtures and equipment	3 to 20 years
• operating equipment	3 to 5 years
• motor vehicles	5 to 10 years

No depreciation is provided on freehold land as it is deemed to have an indefinite life.

Where parts of an item of properties, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually. No depreciation is provided on properties under development.

Notes to the Financial Statements

34. Material accounting policies continued

(f) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 34(h)) to earn rental income and/or for capital appreciation. These include land held for currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the reporting date and their fair value cannot be reliably determined at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 34(s).

If a property occupied by the group as an owner-occupied property becomes an investment property, the group accounts for such property as described in note 34(e) up to the date of change in use, and any difference at the date between the carrying amount and the fair value of the property is accounted for as movements in the asset revaluation reserve (under exchange and other reserves). On disposal of a revalued assets, the relevant portion of the asset revaluation reserve realised in respect of previous valuation is transferred to retained profits as a movement in reserves.

(g) Hotel operating rights

Costs incurred for securing the group's rights to operate hotels are capitalised and are stated at cost less accumulated amortisation and impairment losses (see note 34(i)).

Amortisation of the operating rights is charged to profit or loss on a straight-line basis over the terms of the relevant operating periods.

(h) Leased assets

At inception of a contract, the group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the group, are primarily laptops and office furniture. When the group enters into a lease in respect of a low-value asset, the group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

34. Material accounting policies continued

(h) Leased assets continued

(i) As a lessee continued

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 34(e) and 34(i)), except for the following types of right-of-use asset:

– right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 34(f);

– right-of-use assets related to leasehold land and buildings where the group is the registered owner of the leasehold interest are carried at fair value;

– right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value in accordance with note 34(j).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term liabilities is determined as contractual payments that are due to be settled within twelve months after the reporting date.

The group presents right-of-use assets that do not meet the definition of investment properties in "property, plant and equipment" and presents lease liabilities separately in the statement of financial position.

Notes to the Financial Statements

34. Material accounting policies continued

(h) Leased assets continued

(ii) As a lessor

When the group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 34(s).

When the group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described in note 34(h)(i), then the group classifies the sub-lease as an operating lease.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and lease receivables

The group recognises a loss allowance for expected credit losses (ECLs) on the financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables) and lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

In measuring ECLs, the group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

34. Material accounting policies *continued*

(i) Credit losses and impairment of assets continued

(i) Credit losses from financial instruments and lease receivables continued

Measurement of ECLs continued

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held). The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Notes to the Financial Statements

34. Material accounting policies *continued*

(i) Credit losses and impairment of assets *continued*

(i) Credit losses from financial instruments and lease receivables continued

Write-off policy

The gross carrying amount of a financial asset and lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the investments in associates and joint ventures accounted for under the equity method (see note 34(c)), other non-financial assets, investment in subsidiaries in the company's statement of financial position may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

An impairment loss is reversed to profit or loss if the recoverable amount of an asset, or the cash-generating unit to which it belongs, exceeds its carrying amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 34(i)).

(j) Inventories

Inventory are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services. Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

34. Material accounting policies continued

(k) Properties held/under development for sale

Property held/under development for sale comprises leasehold lands and construction-in-progress and is carried at the lower of cost and net realisable value. Properties under held/development for sale included in the current assets when it is expected to be realised or is intended for sale in the normal operating cycle.

Incremental costs of obtaining a contract are those costs that the group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised as contract assets when incurred and is charged to profit or loss when the revenue to which the asset relates is recognised.

(l) Trade and other receivables

A receivable is recognised when the group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before the payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 34(i)(i)).

(m) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs using effective interest method. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. Interest expense is recognised in accordance with the group's accounting policy for borrowing cost (see note 34(u)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, demand deposits with banks and other financial institutions and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses in accordance with policy set out in note 34(i).

(p) Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Defined benefit retirement plan obligations

The group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Notes to the Financial Statements

34. Material accounting policies continued

(p) Employee benefits continued

***Defined benefit retirement plan obligations** continued*

Service cost and net interest expense (income) on the net defined liability (asset) are recognised in profit or loss and allocated by nature as part of "staff costs and related expenses". Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in profit or loss at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability (asset). The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the group's obligations.

Remeasurements arising from defined benefit retirement plans are recognised in other comprehensive income and reflected immediately in other reserves. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Termination benefits

Termination benefits are recognised when and only when, the group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities and are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

The group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

34. Material accounting policies continued

(q) Income tax continued

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 34(f), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances and movements therein, are presented separately from each other and are not offset.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Onerous contracts

An onerous contract exists when the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

Notes to the Financial Statements

34. Material accounting policies continued

(s) Revenue

Revenue is recognised when control over a product or service is transferred to the customer, or the leasee has the right to use the asset, at the amount of promised consideration to which the group is expected to be entitled, excluding those amounts collected on behalf of third parties. Further details of the group's revenue recognition policies are as follows:

Hotel operation

Revenue is recognised on a basis that reflects the timing, nature and value when the relevant services are transferred to the customer. Revenue in respect of hotel management and related services is recognised over time during the period when management services are delivered to the hotels. Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is recognised at the point in time when the services are rendered.

Golf club operation

Revenue in respect of membership income is recognised over time during the membership period. Revenue from other golf club operations, including food and beverage sales and pro shop sales, is recognised at the point in time when the services are rendered.

Sale of residential apartments

Revenue arising from the sale of residential apartments is recognised upon the completion of title transfer, which is the point in time when the customer has the ability to direct the use of the residential apartment and obtain substantially all of the remaining benefits of the residential apartment.

Sale of goods and wholesaling

Revenue is recognised when goods are delivered which is taken to be the point in time when the customer takes possession of and accepts the goods. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

Interest income

Interest income is recognised as it accrues using the effective interest method.

Contract liabilities

A contract liability is recognised when the customer pays consideration before the group recognises the related revenue. Non-refundable golf membership deposits, gift vouchers and other deposits are recognised as contract liabilities in the group's financial statements. Non-refundable golf membership deposits are amortised as revenue in equal instalments over the duration of the membership. Other non-refundable deposits and gift vouchers sold are recognised as revenue when the conditions of forfeiture are met and when the gift vouchers are redeemed for goods or services respectively.

34. Material accounting policies continued

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities and non-monetary assets and liabilities that are stated at fair values and are denominated in foreign currencies, are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the group initially recognises such non-monetary assets or liabilities.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

When the functional currency of a foreign operation is the currency of a hyperinflationary economy, the foreign operation's financial statements are restated according to the accounting policy as disclosed in note 34 (y). All amounts in the foreign operation's financial statements are then translated into the group's reporting currency using applicable exchange rate at the current reporting date. Comparative figures are not restated.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to become ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Related parties

(1) A person, or a close member of that person's family, is related to the group if that person:

- (i) has control or joint control over the group;
- (ii) has significant influence over the group; or
- (iii) is a member of the key management personnel of the group or the group's parent.

Notes to the Financial Statements

34. Material accounting policies continued

(v) Related parties continued

(2) An entity is related to the group if any of the following conditions applies:

(i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the group or an entity related to the group.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) The entity identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(w) Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(x) Government grants

Government grants are recognised in the consolidated statement of profit or loss initially when there is reasonable assurance that they will be received and that the group will comply with the conditions attaching to them. Grants that compensate the group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(y) Financial reporting in hyperinflationary economies

When an entity's functional currency is the currency of a hyperinflationary economy, the historical cost of the entity's non-monetary assets, liabilities and equity items are adjusted to reflect the changes in purchasing power due to hyperinflation by reference to the change in general price index during the reporting period. Monetary items are not restated. All items in the statement of comprehensive income are restated by applying the change in general price index when the items were initially recorded in the financial statements. Gain or loss on net monetary position of the entity is included in the group's consolidated statement of profit or loss.

35. Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the group:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments")
- Amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial Instruments: Disclosures – Supplier finance arrangements*

None of the above developments have had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

36. Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Independent Assurance Report

Independent Practitioner's Limited Assurance Report
To the Directors of The Hongkong and Shanghai Hotels, Limited

Report on selected information in The Hongkong and Shanghai Hotels, Limited's Corporate Responsibility and Sustainability Report and Sustainability Data Statements 2024 as of and for the year ended 31 December 2024

Conclusion

We have performed a limited assurance engagement on the following information in The Hongkong and Shanghai Hotels, Limited's ("HSH") Corporate Responsibility and Sustainability Report and Sustainability Data Statements 2024 as of and for the year ended 31 December 2024 (hereafter referred to as "the Assured Sustainability Information"):

Assured Sustainability Information		**Applicable Criteria**
A. Data points and relevant narratives: **Workforce:** • Total headcount • Headcount by gender • Total staff turnover **Safety:** • Injury rate • Lost day rate **Community:** • Monetary Donations • In-kind donations • Other community contributions	**Environment:** • Greenhouse gas emissions (Scope 1 and 2) • Group carbon intensity • Total energy use • Energy intensity • Direct water consumption • Water intensity • Water recycled and other water sources • Waste generated • Waste diverted	• Environmental, Social and Governance Reporting Code, Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEX ESG Code") • CRS data reporting scope and methodology as disclosed in the Sustainability Data Statements in the Report
B. Economic data points • Revenue (including interest income) • Operating costs • Employee wage and benefits • Capital expenditure	• Payments to providers of capital • Tax payments to governments • Total floor area • Total number of guest nights	• CRS data reporting scope and methodology as disclosed in the Sustainability Data Statements in the Report
C. Information in relation to green loan: • Amount of proceeds allocated to the Eligible Projects		• HSH Green Financing Framework

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Assured Sustainability Information of HSH as of and for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the Applicable Criteria.

Our conclusion on the Assured Sustainability Information does not extend to any other information that accompanies or contains the Assured Sustainability Information and our assurance report (hereafter referred to as "other information"). We have not performed any procedures as part of this engagement with respect to the other information.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and ISAE 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Intended use or purpose

This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Our conclusion is not modified in respect of this matter.

Responsibilities for the Assured Sustainability Information

The Directors of HSH are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Assured Sustainability Information;
- selecting or developing suitable criteria for preparing the Assured Sustainability Information and appropriately referring to or describing the criteria used; and
- preparing the Assured Sustainability Information in accordance with the Applicable Criteria.

Inherent limitations in preparing the Assured Sustainability Information

Greenhouse gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Assured Sustainability Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to you.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgement and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Assured Sustainability Information that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Assured Sustainability Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we:

- Evaluated the suitability in the circumstances of HSH's use of the Applicable Criteria, as the basis for preparing the Assured Sustainability Information;
- through inquiries of relevant staff at corporate and selected location responsible for the preparation of the Assured Sustainability Information, obtained an understanding of HSH's control environment, processes and information systems relevant to the preparation of the Assured Sustainability Information, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness;
- tested a limited number of items to or from supporting records, as appropriate;
- performed analytical procedures over the Assured Sustainability Information where appropriate by comparing the expected results to actual results reported and made inquiries of management to obtain explanations for any significant differences we identified;
- performed recalculations of selected data in the Assured Sustainability Information; and
- considered the presentation and disclosure of the Assured Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
31 March 2025

Sustainability Data Statements

This section provides statistical information on the group's sustainability performance. To facilitate stakeholders in understanding and benchmarking our corporate responsibility performance, our reporting follows the HKEX ESG Code and GRI Standards.

1. Performance Highlights (1)

			2024	2023	2022	2021	2020	2010 Baseline
Economic (2)	**Revenue (incl. interest income)**	HK$m	**10,318**	8,133	4,204	3,465	2,715	
	Operating costs	HK$m	**5,959**	4,431	1,706	1,388	1,133	
	Employee wage and benefits	HK$m	**2,749**	2,462	1,966	1,562	1,511	
	Capital expenditure	HK$m	**901**	1,708	2,030	2,050	1,585	
	Payments to providers of capital	HK$m	**736**	737	295	165	215	
	Tax payments to governments (3)	HK$m	**383**	241	261	229	355	
	Total floor area (4)	'000 m^2	**750**	750	647	646	646	
	Total number of guest nights (5)	'000	**1,178**	1,027	790	604	384	
Workforce	**Headcount (6)**		**7,836**	7,695	6,439	5,866	5,609	
	Turnover (6)	%	**21.3%**	21.9%	23.8%	24.3%	31.5%	
	Headcount by Gender	% Female	**42.6%**	41.6%	41.0%	40.5%	40.5%	
	Injury rate (7)	incidents per 100 employees	**3.3**	3.8	3.6	3.0	2.5	
	Lost day rate (7)	days per 100 employees	**46.4**	41.3	49.6	71.1	47.4	
Environment (8)	**Greenhouse gas emissions**	'000 tCO_2e	**82**	81	79	72	68	124
	Group carbon intensity (9)	kg CO_2e per m^2	**110**	126	122	112	105	213
	Total energy use (10)	'000 GJ	**935**	788	710	654	572	884
	Energy intensity (10)	MJ per m^2	**1,246**	1,218	1,097	1,012	885	1,518
	Direct water consumption	'000 m^3	**1,759**	1,562	1,302	1,168	941	1,674
	Water intensity							
	Hotels Division (11)	litres per guest night	**1,271**	1,315	1,395	1,636	2,010	1,346
	Commercial Properties, Peak Tram, Retail and Others	litres per m^2	**1,099**	1,088	962	839	870	962
	Water recycled and other water sources	'000 m^3	**210**	296	382	337	372	142
	Waste diversion rate (12)	%	**50.5%**	53.5%	52.7%	48.3%	48.8%	
Community	**Monetary Donations (13)**	HK$'000	**3,575**	3,805	941	1,549	3,157	
	In-kind Donations (13)	HK$'000	**7,329**	3,003	2,706	1,807	1,988	
	Other community contributions (13) (14)	HK$'000	**2,904**	2,892	2,451	1,193	380	

Footnotes:

(1) Please refer to p.72 of the CRS Report for the scope of businesses covered in the reporting of workforce, environment and community performance. Full year environment data for The Peninsula Istanbul and The Peninsula London data is added to the scope in 2024, following the addition of workforce and community data of these two hotels in 2023.

(2) Reporting scope for Economic data includes financial information for all subsidiaries owned by the group, excluding joint ventures and associates for alignment with consolidated financial reporting in our Annual Report. As representative indicators of our areas of operation and business volume, reporting scope for total floor area includes all hotels, commercial properties and Tai Pan Laundry, while total number of guest nights includes all hotels.

(3) Inclusive of corporate income tax, property and real estate tax, payroll tax and other corporate taxes.

(4) Total floor area has been restated for 2023 based on more accurate data becoming available for calculation.

(5) Calculation based on actual number of guests that occupied each of the rooms and suites in the relevant year.

(6) Year-end data as at 31 Dec 2024. Headcount data only covers full-time employees working full number of hours per week for that particular position. Voluntary turnover rate, which covers full-time employees left employment based on their own decision to resign is 16.2%.

(7) Overall, injury rates decreased while lost day rates increased. Increase in lost day rate for the group is mainly attributed to 3 injury cases with over 100 lost days, and another 3 injury cases with over 200 lost days. 3 of the cases were a result from human errors such as slip, fall and lapses, while 3 other cases occurred outside of the work site or under adverse weather conditions. 98.4% of the reported incidents did not require a hospital stay, and thus not considered severe injuries. The injury rate for severe cases is at 0.13 per 100 employees. There was no incident of occupational disease recorded.

(8) Addition of the two new hotels in London and Istanbul in the Environment data scope in 2024 has unavoidably increased the group and hotel division's absolute energy and water consumption, waste generation and greenhouse gas emissions.

(9) Carbon intensity decreased by 12.5% compared to last year which is attributable to the increased procurement of renewable electricity directly from grid in The Peninsula London and indirectly from the purchase of Renewable Energy Certificates in The Peninsula Istanbul and The Peninsula Tokyo, these account for 21.5% of the group's total electricity use.

(10) Vehicle fuel consumption is not included in the total energy use and energy intensity reported.

(11) Includes all water uses in the hotels, not just those used by guests directly.

(12) Grease trap waste, hazardous waste and construction waste were not included in the waste data reported.

(13) Monetary Donations include donations from the company, guests and employees. Total community contributions (i.e. monetary and in-kind donations) increased by 60.2% from last year as The Peninsula London and The Peninsula Istanbul activated new charity partnerships.

(14) Relates to contributions made to non-charitable organisations on projects supporting the wider community, for example, the Hong Kong Heritage Project, an archive project for preserving valuable historical records of the Kadoorie family and its businesses that are mostly based in Hong Kong.


KENDA

Shareholder Information

Financial Calendar 2025

2024 annual results announcement	31 March
Dispatch of Annual Report	14 April
For entitlement to attend and vote at Annual General Meeting	
– Last day to register	29 April 4:30 p.m.
– Closure of register of members	30 April to 7 May (both days inclusive)
– Record date	7 May
Annual General Meeting	7 May 12:00 noon
2025 interim results announcement	August
Financial year end	31 December

Company Website

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Corporate Responsibility and Sustainability Enquiries

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Share Information

Stock Code: 45

Request for Feedback

To improve the quality of our annual reporting, we welcome your feedback via email to ir@hshgroup.com or by post to our registered office.

Company's Share Registrar – Computershare Hong Kong Investor Services Limited

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For corporate communications:
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Shareholders are encouraged to access the corporate communications of the company on the company website. They may at any time change their choice of language or means of receipt of the company's corporate communications, by notice in writing to the company's Share Registrar by email or by post. The "Investors" section on the company website sets out the relevant arrangement for shareholders to make such change request(s).

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Mobile dialing from Globelines, Globelines Payphones, Globe Handyphone, and Touch Mobile

* Toll free access number is only available through Saudi Telecom Company

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