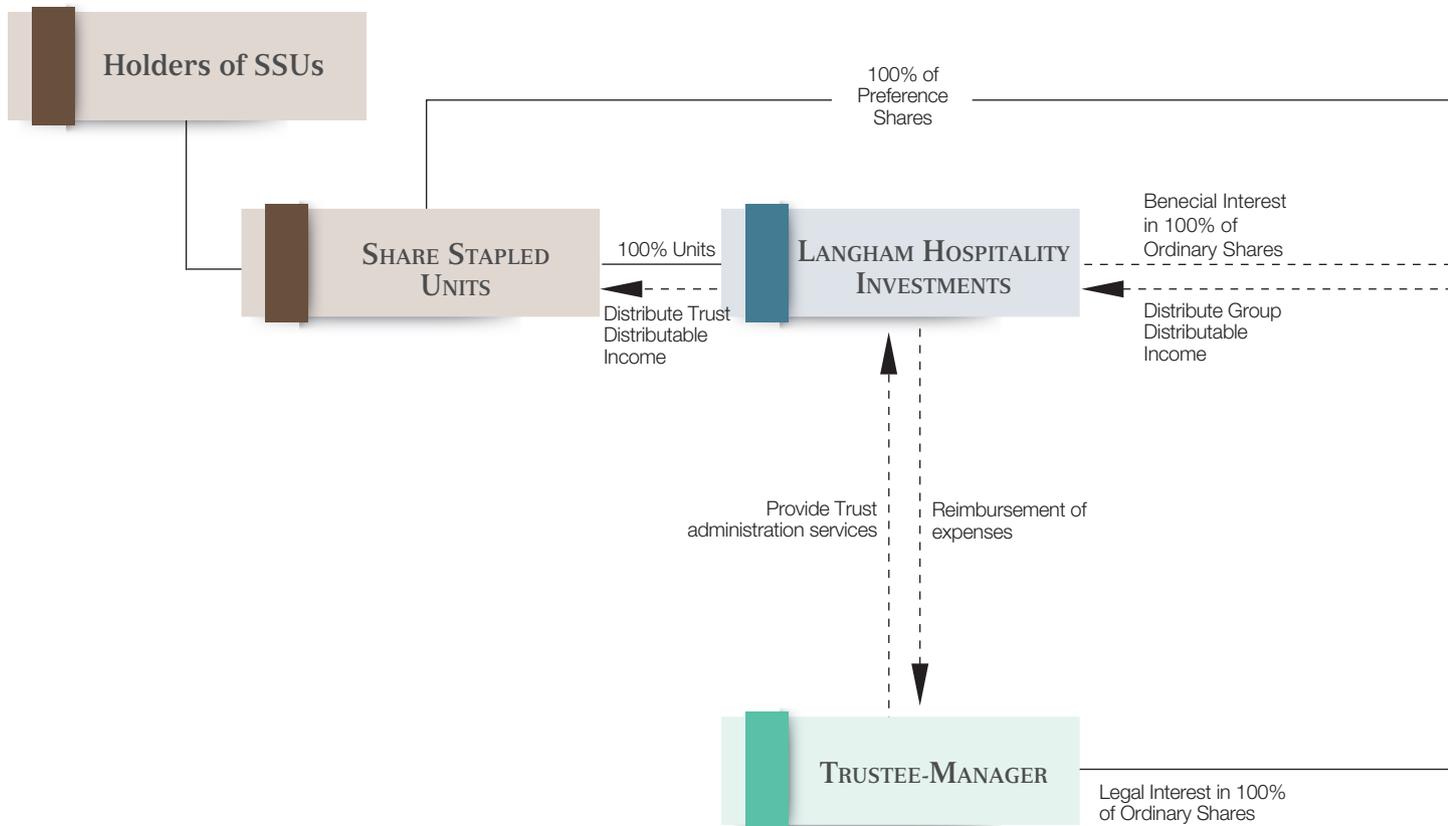


# CORPORATE GOVERNANCE REPORT

Langham Hospitality Investments, LHIL Manager Limited and Langham Hospitality Investments Limited are committed to maintaining and developing high standards of corporate governance practices that are designed to enhance corporate image, create value for our Unitholders, minimize risk in fraudulent practices and address potential conflict of interest issues. This combined Corporate Governance Report of the Trust and the Company set out a summary of the key processes, systems and measures that have been used in implementing this corporate governance framework being adopted by the Trust, Trustee-Manager and the Company for the year ended 31 December 2020.

## STRUCTURE OF THE TRUST GROUP

The chart below illustrates a simplified version of the structure of the Trust Group:



# CORPORATE GOVERNANCE REPORT

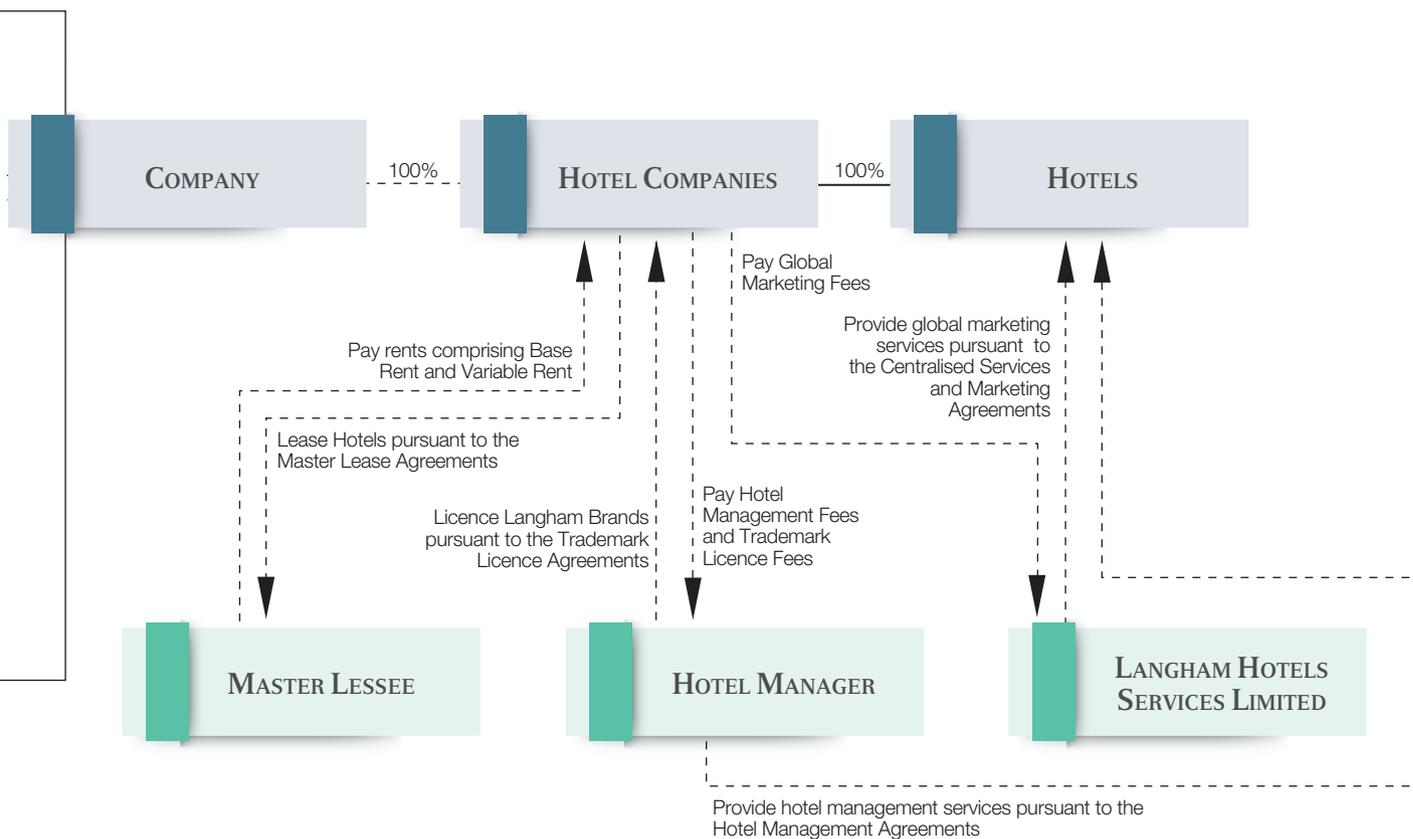
The major activities during the year 2020 are set out below:

- **Change in Board Composition**

During the year, Mr. Lo Chun Lai, Andrew was appointed as a Non-executive Director of both the Trustee-Manager and the Company with effect from 27 October 2020. In accordance with the Trust Deed and the Company's Articles, Mr. Andrew Lo shall hold office until the forthcoming 2021 AGM of the Trust Group and being eligible for re-election by the Holders of Share Stapled Units.

- **Rights Issue and Change in Board Lot Size**

On 16 July 2020, the Trust and the Company issued an announcement in respect of a proposed rights issue (the "Rights Issue") to raise up to approximately HK\$1,019 million (before deducting professional fees and other related expenses) on the basis of one Rights Share Stapled Unit for every two Share Stapled Units at the subscription price of HK\$0.95 per Rights Share Stapled Unit. The Prospectus relating to the Rights Issue was published on 21 August 2020. The Rights Issue became unconditional on 9 September 2020.



# CORPORATE GOVERNANCE REPORT

A total of 1,072,743,916 Share Stapled Units were allotted and issued on 14 September 2020 pursuant to the Rights issue.

Subsequent to the completion of the Rights Issue, the board lot size for trading of the Share Stapled Units on the Stock Exchange has been changed from 500 Share Stapled Units to 2,000 Share Stapled Units with effect from 9:00 a.m. on Tuesday, 15 September 2020.

- **General Mandate to Issue Share Stapled Units of the Trust and the Company**

General mandate to allot, issue and deal with no more than 20% of the issued Share Stapled Units of the Trust and the Company was granted by the Holders of Share Stapled Units at the AGM of the Trust and the Company held on 12 May 2020. The mandate shall only remain in effect until the conclusion of the next AGM, or the expiration of the period within which such AGM is required to be held, or until revoked, renewed or varied by an ordinary resolution of Holders of Share Stapled Units, whichever occurs first.

Langham Hospitality Investments is constituted by laws of Hong Kong governing the Trust Deed entered into between the Trustee-Manager and the Company as a fixed single investment trust, meaning that the Trust may only invest in the securities and other interests in a single entity, being the Company.

The Trustee-Manager is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Great Eagle. In its capacity as trustee-manager of the Trust, the Trustee-Manager has a limited role only in the administration of the Trust and is not involved in the management of the operations of the Group.

The Company is a company incorporated in the Cayman Islands as an exempted company with limited liability. It is the holding company of the hospitality business carried on by the Group and currently owns and controls the Hotels indirectly through its subsidiaries.

## Capital Structure of the Trust and the Company

Share Stapled Units are jointly issued by the Trust and the Company and each Share Stapled Unit is comprised of the following three components which, subject to the provisions in the Trust Deed, can only be dealt with together and cannot be traded individually:

- (a) a unit in the Trust;
- (b) a beneficial interest in a specifically identified Ordinary Share in the Company held by the Trustee-Manager, which is "linked" to the unit in the Trust; and
- (c) a specifically identified Preference Share in the Company which is "stapled" to the unit in the Trust.

As the components of the Share Stapled Units, all of the units in the Trust, the Ordinary Shares and the Preference Shares of the Company in issue are listed on the Stock Exchange. However, for so long as the Share Stapled Units are listed on the Stock Exchange, trading on the Stock Exchange will only take place in the form of Share Stapled Units and there is only a single price quotation on the Stock Exchange for a Share Stapled Unit. No price is quoted for the individual components of a Share Stapled Unit.

# CORPORATE GOVERNANCE REPORT

## Business Relationship with Great Eagle

Apart from the parent-subsidary relationship, the Trust Group maintains close business ties with the Great Eagle Group, which are governed by various formal agreements being entered into between the two groups as summarized in the chart on pages 44 to 45. These contractual arrangements also constitute continuing connected transactions of the Trust and the Company under the Listing Rules. Details of the transactions which are subject to disclosure and reporting requirements are provided in the Report of the Directors contained in this Annual Report on pages 83 to 89.

From the revenue perspective, each of the Hotels (excluding certain retail shops at Eaton HK) is leased to the Master Lessee, an indirect wholly-owned subsidiary of Great Eagle, pursuant to the Master Lease Agreements. In return, the Master Lessee pays rents, which represents the major source of income, to the Trust Group. Based on the rental review of Vigers in accordance with the provisions in the Master Lease Agreements, Vigers determined that the market rental package for the Hotels for the period from 1 January 2020 to 31 December 2023 is the same as the one for the previous period and comprised of (i) a Base Rent being fixed at HK\$225 million per annum under the Master Lease Agreements, and (ii) a Variable Rent being 70% to the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fees payable by each of the Hotel Companies on an annual basis.

From the expense perspective, all the Hotels are managed by the Hotel Manager, another indirect wholly-owned subsidiary of Great Eagle, pursuant to the Hotel Management Agreements, and the Trust Group pays hotel management fees to the Hotel Manager. In addition, the Trust Group has entered into the Trademark Licence Agreements and the Centralised Services and Marketing Agreements in respect of each of the Hotels with the Hotel Manager and Langham Hotels Services Limited (an indirect wholly-owned subsidiary of Great Eagle) respectively and thus incurs licence fee and global marketing fees when carrying on the hospitality business.

These business relationships and the fact that some of the Directors and senior management members also hold directorships and/or roles in the Great Eagle Group might give rise to potential conflicts of interests between the Group and the Great Eagle Group. The Trustee-Manager Board and the Company Board believe that the potential conflicts can be sufficiently reduced as follows:

- the Group focuses on optimizing the performance of the three existing hotel properties, adopting a growth strategy of investing in completed stand-alone hotels in Asia. The Great Eagle Group, on the other hand, focuses on further capitalizing on its resources and expertise in developing its hotel management services operations and brand building.
- the Group is among the major contributors to the performance of the Great Eagle Group, any reliance that the Group may have on the Great Eagle Group in relation to its performance and growth will be mutually complementary.
- the Great Eagle Group has granted to the Company a Deed of Right of First Refusal pursuant to which the Group will have the first right to participate and to acquire completed stand-alone hotels in Asia (excluding Australia and New Zealand) should Great Eagle Group wish to sell or have the opportunity to invest in these hotels.
- various corporate governance measures are established seeking to address any potential conflicts of interest thereby safeguarding the interests of independent Unitholders. Details of which are set out in the section headed "Corporate Governance Measures to address Potential Conflicts of Interest" in this Corporate Governance Report.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE POLICIES AND PRACTICES

The Trustee-Manager Board and the Company Board play a central support and supervisory role in the respective corporate governance duties of the Trust and the Company. The Boards are responsible for reviewing the overall corporate governance arrangements, approving governance policies and reviewing disclosures in Corporate Governance Report prepared on a combined basis.

### Corporate Governance Practices

Taking into account the structure of the Trust Group, in particular the business relationship with its holding company, the following policies and procedures are established and constituted the core elements of the governance framework of the Trust Group:

- Reporting and Monitoring Policy on Connected Transactions
- Corporate Governance Measures in respect of the operation of the Right of First Refusal granted by Great Eagle
- Schedule of Matters Reserved for the Board
- Segregation of Duties between Chairman and Chief Executive Officer

- Policy on the Preservation and Prevention of Misuse of Inside Information
- Unitholder Communication Policy
- Employee's Code of Conduct
- Code of Conduct regarding Securities Transactions by Directors and Relevant Employees

### Compliance with Corporate Governance Code

Pursuant to the Trust Deed, each of the Trustee-Manager and the Company must co-operate with each other to ensure that each party complies with the Listing Rules and other relevant rules and regulations.

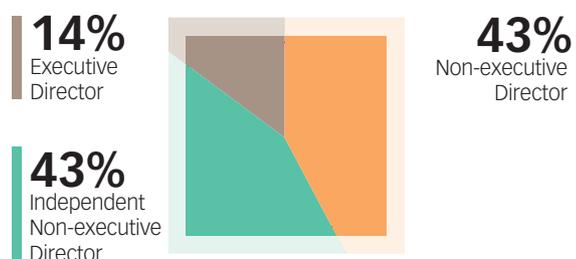
Throughout the year under review, the Trust (via the Trustee-Manager) and the Company had complied with all applicable code provisions, and where appropriate, adopted some of the recommended best practices as set out in the Corporate Governance Code. The requirement to establish a Nomination Committee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

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS

### Board Composition

Pursuant to the Trust Deed, the Directors of the Trustee-Manager shall at all times be the same individuals who serve as Directors of the Company.



The Trustee-Manager Board and the Company Board currently comprise three Non-executive Directors, namely, Dr. Lo Ka Shui (Chairman), Mr. Lo Chun Him, Alexander and Mr. Lo Chun Lai, Andrew (appointed on 27 October 2020); one Executive Director, namely, Mr. Brett Stephen Butcher (Chief Executive Officer); and three Independent Non-executive Directors, namely, Professor Chan Ka Keung, Ceajer, Professor Lin Syaru, Shirley and Mr. Wong Kwai Lam.

Biographical details of the Directors of the Trustee-Manager and the Company are set out in this Annual Report on pages 23 to 25.

Dr. Lo Ka Shui, being the Non-executive Chairman of the Trustee-Manager and the Company and also a substantial shareholder, the Chairman and Managing Director of Great Eagle, the holding company of the Trust Group, is the father of Mr. Lo Chun Him, Alexander and uncle of Mr. Lo Chun Lai, Andrew. Saved as disclosed above, there are no other financial, business, family or other material or relevant relationships between board members.

# CORPORATE GOVERNANCE REPORT

Set out below is a summary of expertise and responsibilities of each Board member:

	Expertise	Responsibilities
<b>Non-executive Directors</b>		
LO Ka Shui (Chairman)	Property and hotel development and investment both in Hong Kong and overseas	Overseeing the operations and affairs of the Board's effectiveness and the relationships among the Board, management and stakeholders; leading the Board in formulating the corporate and financial strategy in the best interest of the Group by taking into account, among other things, the opportunities and risks of the business of the Group; enhancing further synergies between the Group and Great Eagle; and for the overall supervision of the policies governing the conduct of the Group's business
LO Chun Him, Alexander	Property development, financial investments, business and project development	Formulation of strategic directions and high level oversight of the financial management and operations of the Group
LO Chun Lai, Andrew	Business planning, financial stewardship and asset management	Formulation of strategic directions and high level oversight of the financial management and operations of the Group
<b>Executive Director</b>		
Brett Stephen BUTCHER (Chief Executive Officer)	Hotel business experience in both hotel operations and sales and marketing in Asia, the Pacific and North America	Responsible for all day-to-day management decisions and for leading the development and implementing the long and short term strategy and plans; identifying potential risks and opportunities of the Group and implementing appropriate policies; developing procedures designed to ensure compliance with the overall risk management policies; acting as a direct liaison between the Board and management and communicating to the Board on behalf of management

# CORPORATE GOVERNANCE REPORT

	Expertise	Responsibilities
<b>Independent Non-executive Directors</b>		
CHAN Ka Keung, Ceajer	Specialised in assets pricing, evaluation of trading strategies and market efficiency	Chairing the Remuneration Committee; scrutinizing and monitoring the Group's performance; giving independent judgment, strategic advice and guidance on the business and operations; and reviewing the financial control and systems of risk management and compliance
LIN Syaru, Shirley	International affairs and global investment	Chairing the Nomination Committee; scrutinizing and monitoring the Group's performance; giving independent judgment, strategic advice and guidance on the business and operations; and reviewing the financial control and systems of risk management and compliance
WONG Kwai Lam	Commercial and investment banking	Chairing the Audit Committee; scrutinizing and monitoring the Group's performance; giving independent judgment, strategic advice and guidance on the business and operations; and reviewing the financial control and systems of risk management and compliance

The Boards recognize the importance and benefits of diversity in the boardroom. The Nomination Committee of the Company is responsible for reviewing Board composition, identifying candidates and making recommendations to the Company Board. Further details on the Nomination Policy and Board Diversity Policy are set out in the section headed "Nomination Committee" of this report.

## Board Responsibilities

Notwithstanding the fact that the Directors of the Trustee-Manager and the Directors of the Company must always be the same individuals pursuant to the Trust Deed as mentioned above, the Trustee-Manager Board and the Company Board have distinct responsibilities.

It is the responsibility of the Trustee-Manager Board to ensure that the Trustee-Manager discharges its duties under the Trust Deed, which include but not limited to administering the Trust, keeping safe custody of all the property and rights of any kind whatsoever that are held on trust for the Unitholders and exercising all due diligence and vigilance in protecting the rights and interests of the Unitholders. A Director of the Trustee-Manager shall act in good faith in the best interests of all Unitholders. The Trustee-Manager Board exercises a number of reserved powers such as approval of the financial statements of the Trust and the Trustee-Manager, approval of the annual and interim reports and results announcements of the Trust and the Company, declaration of distributions to the Unitholders, approval of terms of reference of the Trustee-Manager's Board Committee(s), and monitoring of the corporate governance of the Trust.

# CORPORATE GOVERNANCE REPORT

The Company Board, on the other hand, is responsible for setting out the overall strategies and business objectives of the Group and providing oversight of their implementation by the management team to promote the long-term success of the Group and create sustainable value for the Unitholders. While day-to-day management and operation of the business activities of the Group are delegated to senior management who is accountable for the execution of business strategies and initiatives adopted by the Company Board, specific functions reserved to the Company Board are set out in the Schedule of Matters Reserved for the Board and where appropriate shall also be applicable to the Trustee-Manager Board. The schedule is reviewed periodically to ensure that the arrangements remain appropriate to the Group's needs. Provided below is a summary of the key reserved matters which should be discharged by the full Board:

- Approval of long-term objectives and corporate strategy
- Extension of business activities into new business of material nature
- Decision of ceasing to operate all or any material part of the business
- Approval of the annual and interim reports and results announcements of the Trust and the Company
- Declaration of distributions to the Trust
- Approval of any significant changes in accounting policies or practices
- Approval of substantial acquisitions or disposals
- Approval of connected transactions
- Approval of major capital expenditures
- Approval of terms of reference of the Company's Board Committees

- Approval of governance policies
- Review of corporate governance arrangements
- Appointment of membership of the Company's Board Committees
- Appointment or removal of the Company Secretary

## Board Independence

Independence is a vital element for Directors fulfilling their duty in overseeing the management of the business and affairs of the Trust and the Company. The Nomination Committee of the Company is accountable for assessing whether any relationships or circumstances would likely interfere with the exercise of objective and unfettered judgment by relevant Directors. It reviews all relevant facts and circumstances in making an independence determination such as length of service, interlocking directorship, competing businesses and other significant commitment that might potentially impose an impact on Directors' judgment. To be considered independent, an Independent Non-executive Director must also meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

Currently, three out of a total of seven Board members are Independent Non-executive Directors. Their participation brings independent and objective judgment on the affairs of the Trust Group including but not limited to issues relating to the Trust Group's strategy, performance, conflicts of interest and management process, thus ensuring that the Trust Group operates in the best interests of Unitholders. Besides, all the Independent Non-executive Directors have the appropriate accounting or related financial management expertise for the purpose of Rule 3.10 of the Listing Rules, which can provide further assurance to the Unitholders that the financial performance of the Trust Group will be professionally reviewed and monitored. The Independent Non-executive Directors are required to declare his/her independence in respect of the independence guidelines set out in Rule 3.13 of the Listing Rules on an annual basis.

# CORPORATE GOVERNANCE REPORT

## **Chairman and Chief Executive Officer**

Dr. Lo Ka Shui and Mr. Brett Stephen Butcher hold the positions of Chairman and Chief Executive Officer respectively. The Chairman is responsible to oversee the operations and affairs of the Board's effectiveness and the relationships among the Board, management and stakeholders. He is accountable to the Board for leading the Board in formulating the corporate and financial strategy in the best interest of the Group by taking into account, among other things, the opportunities and risks of the business of the Group and enhancing further synergies between the Group and its parent company and for the overall supervision of the policies governing the conduct of the Group's business. Chief Executive Officer is ultimately responsible for all day-to-day management decisions and leading the development and implementing the long and short term strategies and plans. He is accountable for identifying potential risks and opportunities of the Group and implementing appropriate policies, and developing procedures designed to ensure compliance with the overall risk management policies. He also acts as a direct liaison between the Board and management and communicating to the Board on behalf of the management.

## **Appointment, Re-election and Rotation of Directors**

According to the Company's Articles, no less than one-third of all the Directors shall retire from office by rotation at each AGM of the Company, provided that every Director shall be subject to retirement by rotation at least once every three years and any Director appointed either to fill a casual vacancy or as an addition to the Board, shall hold office only until the next following AGM and shall then be eligible for re-election. The provisions of retirement by rotation applicable to the Company Board are also applied, indirectly, to the Trustee-Manager Board in accordance with the Trust Deed. Each of the Non-executive Directors (including the Independent Non-executive Directors) has entered into a letter of appointment with the Company

for an initial term of 3 years, renewable automatically for a further term of 3 years on the expiry of such term and every successive period of 3 years thereafter, subject to the provisions of the Company's Articles, the Trust Deed and the Listing Rules. The Nomination Committee of the Company will make recommendations to the Board on the appointment or re-appointment of directors.

According to the rotation record, Mr. Brett Stephen Butcher, Professor Chan Ka Keung, Ceajer and Professor Lin Syaru, Shirley will retire as the Directors at the forthcoming AGM and are eligible for re-election. Mr. Lo Chun Lai, Andrew, who was appointed as a Non-executive Director of the Trustee-Manager and the Company on 27 October 2020, will hold office until the 2021 AGM and is eligible for re-election.

## **Directors' Orientation and Continuing Development**

The Company Secretary shall assist the Chairman and the Chief Executive Officer to manage and oversee the induction process for a new director and continuing development of Directors and senior management. An induction pack will be provided to the new Director to ensure he has a proper understanding of the Trust Group's operations and business. To keep Directors abreast of their responsibilities and infuse them with new knowledge relevant to the Trust Group's business and operating environment, information packages comprising the latest developments in the legislations, industry news and materials relevant to the roles, functions and duties as a director are provided to each Director by the Company Secretary periodically to foster the continuous development and ongoing updating of Board members' skills and knowledge.

# CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2020, the Directors received information packages relating to updates on the latest development and changes on the Listing Rules, SFO and other relevant legal and regulatory requirements, as well as various reading materials regarding corporate governance, internal control, risk management, directors' duties and global trend. Apart from the continuous development program organized by the Trust Group internally, individual Director also attended seminars or workshops relevant to his/her profession and duties as director. All Directors had provided confirmation on their respective training records to the Trustee-Manager and the Company and each of them had participated in no less than 10 training hours during the year ended 31 December 2020.

The senior management had provided confirmation on their respective training records to the Trustee-Manager and the Company and each of them had participated in no less than 10 training hours during the year ended 31 December 2020.

## BOARD COMMITTEES

Directors attend Board meetings and make fruitful contribution by sharing views, advices and experiences on matters material to the Trust Group's affairs, on the basis of the shared goal in further enhancing the interests of the Trust Group and the Unitholders as a whole. Board meetings of the Trustee-Manager and the Company are held regularly at least four times a year at approximately quarterly intervals. Proposed dates of the regular Board and Board Committee meetings for each new calendar year are set out in a schedule and notified to all Board members before the beginning of the year concerned to facilitate their attendance. Additional meetings are convened as and when circumstances warrant.

In response to government's call for maintaining social distancing and reducing gatherings in order to minimize the risk of COVID-19 spreading, Board and Board Committee meetings of the Trustee-Manager and the Company were held either by means of telephone conference or video conference during the year.

## Board Committees

To provide effective oversight, the Trustee-Manager Board and the Company Board have established the following Board Committees with their own terms of reference that have been approved by the respective Boards and are reviewed periodically to ensure that they comply with the latest legal and regulatory requirements and reflect developments in recommended best practices. Each Committee reports its decisions and recommendations to the respective Board. The terms of reference of the Committees setting out in detail their duties and responsibilities are posted on our website and the website "HKEXnews".

## Audit Committee

The composition of each of the Audit Committees of the Trustee-Manager and of the Company comprises three Independent Non-executive Directors:

### *Chairman:*

Mr. Wong Kwai Lam

### *Members:*

Professor Chan Ka Keung, Ceajer  
Professor Lin Syaru, Shirley

None of the Audit Committee members is a former or existing partner of the external auditor of the Trustee-Manager and the Company.

The Audit Committees of the Trustee-Manager and the Company shall, amongst other things, review the reports and proposals from management and make recommendations to the respective Boards in respect of the financial reporting and other statutory obligations, risk management and internal control systems, and audit process with a view to assisting the respective Boards to fulfill their duties in relation to risk management, internal control and financial management.

# CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2020, the Audit Committees of the Trustee-Manager and the Company held two meetings with all members present. The following is a summary of the major work done categorized by the primary areas of duties of the Committee:

Primary areas of duties	Summary of major work done of the Audit Committee in 2020
<b>Disclosure of financial information</b>	<ul style="list-style-type: none"> <li>reviewed and approved the draft 2020 Interim Report and interim results announcement of the Trust and the Company for the period ended 30 June 2020</li> <li>reviewed and approved the draft 2019 Annual Report and final results announcement of the Trust and the Company for the year ended 31 December 2019</li> <li>reviewed the unaudited financial statements of the Trust and the Company and the unaudited financial statements of the Trustee-Manager for the period ended 30 June 2020, and the audited financial statements of the Trust and the Company and the audited financial statements of the Trustee-Manager for the year ended 31 December 2019, with particular regard to the qualitative aspects of the Trust Group's accounting practices including the following major judgmental issue:               <ol style="list-style-type: none"> <li>the methods of valuation of the three investment properties of the Trust Group; and</li> <li>the valuation technique for determining the fair value of derivate financial instrument that is not quoted in active markets.</li> </ol> </li> </ul>
<b>Risk management and internal control</b>	<ul style="list-style-type: none"> <li>reviewed the significant findings and recommendations from the internal auditor</li> <li>reviewed the effectiveness of the risk management and internal control systems of the Trust, the Company and the Trustee-Manager</li> </ul>
<b>Reports from external auditor</b>	<ul style="list-style-type: none"> <li>considered the reports from Deloitte Touche Tohmatsu on interim review of the financial information and annual audit of the financial statements of the Trust and the Company and of the Trustee-Manager</li> </ul>
<b>Re-appointment of external auditor</b>	<ul style="list-style-type: none"> <li>reviewed and considered the re-appointment of Deloitte Touche Tohmatsu as the external auditor and approved its remuneration</li> </ul>
<b>Connected transaction</b>	<ul style="list-style-type: none"> <li>reviewed and monitored connected transactions and continuing connected transactions through half-yearly reports submitted by management to ensure compliance with the terms of the waivers granted by the Stock Exchange and all other applicable rules and regulations</li> </ul>
<b>Legal and regulatory compliance</b>	<ul style="list-style-type: none"> <li>reviewed the legal and regulatory, and governance and compliance issues including but not limited to compliance with Listing Rules, the Trust Deed and SFO, the Corporate Governance Code for the year ended 31 December 2019 and the period ended 30 June 2020 and disclosures in the Corporate Governance Report</li> </ul>
<b>Great Eagle ROFR Deed</b>	<ul style="list-style-type: none"> <li>reviewed and adopted the corporate governance measures in respect of the operation of the Great Eagle ROFR Deed</li> <li>reviewed the implementation and compliance of the Great Eagle ROFR Deed</li> </ul>

# CORPORATE GOVERNANCE REPORT

## Nomination Committee

The composition of the Nomination Committee of the Company currently comprises three Independent Non-executive Directors and one Non-executive Director:

### Chairwoman:

Professor Lin Syaru, Shirley\*

### Members:

Dr. Lo Ka Shui#

Professor Chan Ka Keung, Ceajer\*

Mr. Wong Kwai Lam\*

# Non-executive Director

\* Independent Non-executive Director

The Nomination Committee focuses on strengthening, broadening, balancing and understanding the range of skills, experience and diversity on the Company Board. The Committee shall formulate policy and make recommendations to the Company Board on nomination, appointment or re-appointment of Directors and board succession.

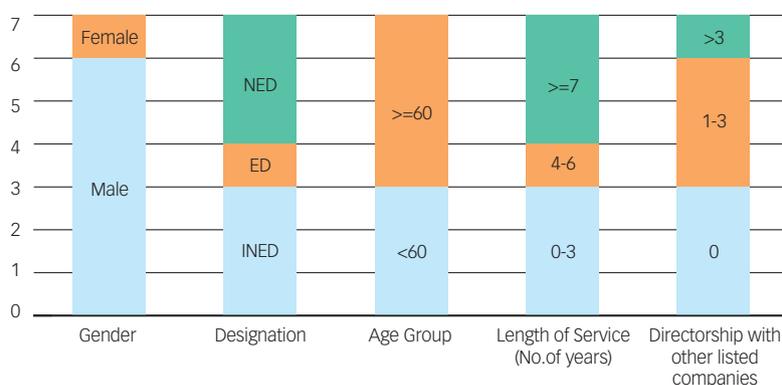
## Board Diversity Policy

The Nomination Committee adopted a board diversity policy in 2019. The Company believes that increasing diversity at the Board level is an important part of achieving its strategic objectives and to attract and retain the best people. Appointments to the Board shall be on merit, in the context of

the skills and experience the Board as a whole requires to be effective, and against objective criteria and with due regard for the benefits of diversity. There are many considerations that factor into the Nomination Committee's nomination process including legal requirements, best practices, and skills required to complement the Board's skill set and the number of Directors needed to discharge the duties of the Board and its Committees. But it will not set any restrictions like gender, age, cultural or educational background when short listing candidates. The Company believes that a truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background and other qualities of Directors. The Nomination Committee shall review the diversity of the Board at least annually taking into account the Group's business model and specific needs and shall monitor the implementation of the board diversity policy and, if appropriate, make recommendations on proposed changes to the Board to complement the Company's corporate strategy.

The Board considers that the current Board composition has provided the Company with a balance of skills, experience and diversity of perspective appropriate to the requirements by its business. The following chart shows the diversity profile of the Board as at 31 December 2020:

Number of Directors



Remarks:  
ED - Executive Director  
NED - Non-executive Director  
INED - Independent Non-executive Director

# CORPORATE GOVERNANCE REPORT

- **Nomination Policy**

The Nomination Committee recommends candidates for nomination to the Board, which approves the final choice of candidates. The Nomination Committee was responsible to maintain the Nomination Policy of the Company and review the same regularly. The objective of the Nomination Policy is to assist the Company in fulfilling its duties and responsibilities as provided in its terms of reference. This Nomination Policy sets out, inter alia, the selection criteria and the evaluation procedures in nominating candidates to be appointed or re-appointed as Directors of the Company.

The Nomination Committee shall consider any and all candidates recommended as nominees for Directors to the Committee by any Directors or shareholders of the Company in accordance with the Company's Articles and the Trust Deed. The Nomination Committee may also undertake its own search process for candidates and may

retain the services of professional search firms or other third parties to assist in identifying and evaluating potential nominees. The Nomination Committee shall endeavour to find individuals of high integrity who possess the qualifications, qualities, skills, experience and independence (in case of Independent Non-executive Directors) to effectively represent the best interests of all Unitholders. Candidates will be selected for their ability to exercise good judgment, and provide practical insights and diverse perspectives. The Nomination Committee may use any process it deems appropriate for the purpose of evaluating candidates including personal interviews, background checks, written submission by the candidates and third party references. As far as practicable, nominees for each election or appointment of Directors shall be evaluated using a substantially similar process. The Nomination Committee shall review the Nomination Policy from time to time.

# CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2020, two physical Nomination Committee meetings were held with full attendance of the Committee members. The following is a summary of the major work done categorized by the primary areas of duties of the Committee:

<b>Primary areas of duties</b>	<b>Summary of major work done of the Nomination Committee in 2020</b>
<b>Board composition</b>	<ul style="list-style-type: none"><li>• reviewed the size, structure and composition of the Company Board by taking into account the diversity of skills, knowledge and experience of the Board members</li><li>• reviewed Directors' time commitment to the affairs of the Trust and the Company through, inter alia, their meeting attendance and other listed companies' directorships</li></ul>
<b>Independence of Independent Non-executive Directors</b>	<ul style="list-style-type: none"><li>• assessed independence of all the Independent Non-executive Directors</li></ul>
<b>Appointment or re-appointment of Directors</b>	<ul style="list-style-type: none"><li>• reviewed and approved the nomination of Dr. Lo Ka Shui and Mr. Wong Kwai Lam, being the retiring Directors for re-election at the 2020 AGM</li><li>• reviewed and approved the nomination of Mr. Lo Chun Lai, Andrew as an additional Non-executive Director of the Trustee-Manager and the Company after considering his skills, expertise, experience and background and made recommendation to the Company Board.</li></ul>

The requirement to establish a Nomination Committee is not relevant to the Trustee-Manager as the Trust Deed requires that the Directors of the Trustee-Manager shall at all times comprise the same individuals who serve as Directors of the Company.

# CORPORATE GOVERNANCE REPORT

## **Remuneration Committee**

The composition of the Remuneration Committee of the Company comprises three Independent Non-executive Directors and one Non-executive Director:

### *Chairman:*

Professor Chan Ka Keung, Ceajer\*

### *Members:*

Dr. Lo Ka Shui#

Professor Lin Syaru, Shirley\*

Mr. Wong Kwai Lam\*

# Non-executive Director

\* Independent Non-executive Director

The Remuneration Committee sets up formal and transparent procedures for setting policy on Executive Director's remuneration and for fixing the remuneration packages for all Directors and senior management and to ensure remuneration levels are sufficient to attract and retain Directors to run the Company successfully without paying more than necessary.

During the year ended 31 December 2020, one physical Remuneration Committee meeting was held with full attendance of the Committee members. Below is a summary of major work done categorized under the primary areas of duties of the Committee:

<b>Primary areas of duties</b>	<b>Summary of major work done of the Remuneration Committee in 2020</b>
<b>Remuneration packages of Executive Director and senior management</b>	<ul style="list-style-type: none"><li>approved the salary review and discretionary bonus distribution for the year 2020 and other remuneration packages of the Executive Director and senior management of the Company</li></ul>
<b>Remuneration of Directors</b>	<ul style="list-style-type: none"><li>reviewed the market trend of the remuneration package generally offered to non-executive directors and independent non-executive directors of comparable companies listed in Hong Kong. Reviewed the remuneration package offered to non-executive directors and independent non-executive directors of the Company and recommended that no adjustment should be made for the year 2020.</li></ul>

The requirement to establish a Remuneration Committee is not applicable to the Trustee-Manager as its Directors are not entitled to any remuneration payable by the Trust or the Trustee-Manager, and the Trustee-Manager does not have any employees.

# CORPORATE GOVERNANCE REPORT

## Board and Board Committee Meetings

Apart from understanding the respective responsibilities of the Trustee-Manager Board and the Company Board, the Directors must be able and willing to devote the required amount of time to the affairs of the Trust and the Company, including attendance at Board meetings and Board Committee meetings. The Non-executive Directors and the Independent Non-executive Directors confirmed to the Trustee-Manager and the Company that they had given sufficient time and attention to the affairs of the Trust and the Company throughout 2020.

### ***Board Proceedings for Board and Board Committee Meetings***

- At least 14 days' formal notice of regular Board and Board Committee Meetings will be given to all Directors, and all Directors are invited to include any matters for discussion in the agenda.
- Directors are provided with the meeting agenda and the relevant board papers at least 3 days in advance of every regular Board and Board Committee meeting, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings.
- To safeguard the interests of the Trust Group and the Unitholders, Directors are required to declare their direct/indirect interests, if any, in any business proposals to be considered at the meetings and, where appropriate, they are required to abstain from voting.
- Minutes of all Board and Board Committee meetings recording key deliberations and decisions taken are kept by the Company Secretary and are available for Directors' inspection. Draft and final versions of minutes are sent to all Directors in a timely manner for their comment and record.

In addition to Board meetings, the Chairman schedules a meeting annually with Independent Non-executive Directors without the presence of other Directors to discuss the affairs of the Trust Group.

During the year under review, the Trustee-Manager and the Company held seven physical Board meetings. Directors attended the physical meetings either in person or by means of telephone conference or video conference in accordance with the Trustee-Manager's articles of association and the Company's Articles. The attendance of individual Directors at all the physical Board and Board Committee meetings and AGM held during the year ended 31 December 2020 is set out below:

# CORPORATE GOVERNANCE REPORT

## Number of physical Meeting(s) Attended/Eligible to Attend in 2020

Name of Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	2020 AGM
<b>Non-executive Directors</b>					
LO Ka Shui ( <i>Chairman</i> )	7/7	–	2/2	1/1	1/1
LO Chun Him, Alexander	7/7	–	–	–	1/1
LO Chun Lai, Andrew ( <i>appointed on 27 October 2020</i> )	1/1	–	–	–	–
<b>Attendance Rate</b>	<b>100%</b>	<b>–</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Executive Director</b>					
Brett Stephen BUTCHER ( <i>Chief Executive Officer</i> )	7/7	–	–	–	1/1
<b>Attendance Rate</b>	<b>100%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>100%</b>
<b>Independent Non-executive Directors</b>					
CHAN Ka Keung, Ceajer	7/7	2/2	2/2	1/1	1/1
LIN Syaru, Shirley	7/7	2/2	2/2	1/1	1/1
WONG Kwai Lam	7/7	2/2	2/2	1/1	1/1
<b>Attendance Rate</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Overall Attendance Rate</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Note:

The Board and Board Committee meetings of the Trustee-Manager and the Company were held on a concurrent basis.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION OF DIRECTORS

The framework of the remuneration offered to the Executive Director and senior management of the Company is a combination of pre-determined elements plus discretionary components:

### Remuneration Framework

<b>Basic compensation</b>	<ul style="list-style-type: none"> <li>includes basic salary, retirement benefits and other allowances</li> <li>it is fixed and set to be at the level sufficient to retain and motivate employees, taking into account the scope and complexity of responsibilities, individual performance as well as market pay levels</li> </ul>
<b>Bonus and incentives</b>	<ul style="list-style-type: none"> <li>vital to align the interest of the executives with that of Unitholders</li> <li>the level is determined by reference to factors such as the financial performance and profitability of the Trust and the Company, individual performance, prevailing market conditions and remuneration benchmark in the industry</li> </ul>

As discussed above, Directors of the Trustee-Manager are not entitled to any remuneration payable by the Trust or the Trustee-Manager. The Directors' fees entitled to be received by each Director of the Company and the members of the respective Board Committees of the Company for the year 2020 are set out hereinbelow. The remuneration levels were proposed with reference to the time involved, specific duties and services of individual directors and the prevailing market conditions.

Further details of Directors' emoluments are provided in note 14 to the consolidated financial statements of the Trust and the Company.

### Directors' Fee and Board Committee Remuneration

Capacity	Annual Fee (HK\$)
<b>Board of Directors</b>	
• Executive Director	50,000
• Non-executive Director	170,000
• Independent Non-executive Director	220,000
• Chairman	270,000
<b>Audit Committee</b>	
• Chairman	100,000
• Committee Member	50,000
<b>Remuneration Committee</b>	
• Chairman	50,000
• Committee Member	25,000
<b>Nomination Committee</b>	
• Chairman	30,000
• Committee Member	20,000

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE MEASURES TO ADDRESS POTENTIAL CONFLICTS OF INTEREST

Given the unique nature of the Group's business structure and its close relationship with the Great Eagle Group as discussed above, various corporate governance measures have been established to seek to address any potential conflicts of interest and competition between the two groups so as to safeguard the interests of independent Unitholders:

- any conflicted Directors must abstain from voting and will not be counted in the quorum of the relevant Board meeting in the event of any conflict issues;
  - pursuant to Article 90 of the articles of association of the Trustee-Manager, a Director of the Trustee-Manager must give priority to the interest of all the Unitholders as a whole over the interest of the Trustee-Manager in the event of a conflict between the interest of all the Unitholders as a whole and that of the Trustee-Manager;
  - potential connected transactions between the Great Eagle Group and the Trust Group and the existing continuing connected transactions (other than exempt continuing connected transactions and those transactions qualifying for an exemption) are reviewed and reported annually by the Independent Non-executive Directors and auditors of the Company;
  - where the Trustee-Manager Board and the Company Board are required to determine matters under the Great Eagle ROFR Deed, such matters will be referred to the Independent Non-executive Directors and/or to those Directors who do not have a material interest in the matter; and
- specific corporate governance measures have also been put in place in respect of the operation of the Great Eagle ROFR Deed as follows:
    - (i) as part of the Trustee-Manager's and the Company's respective internal control systems, each has maintained a register of all opportunities/transactions arising from the implementation of the Great Eagle ROFR Deed;
    - (ii) as part of its internal audit plan, each of the Trustee-Manager and the Company will, through the internal audit function, review the implementation of the Great Eagle ROFR Deed each year;
    - (iii) the Audit Committee of the Company will review the implementation of the Great Eagle ROFR Deed to ascertain that the terms of the Great Eagle ROFR Deed have been complied with. The review will include an examination of supporting documents and such other information deemed necessary by the Audit Committee; and
    - (iv) the Independent Non-executive Directors will review on an annual basis compliance by Great Eagle with the terms of the Great Eagle ROFR Deed and will disclose in the annual report of the Trust and the Company their findings on the compliance by Great Eagle with the terms of the Great Eagle ROFR Deed and any decision made by the Group regarding any exercise of the right of first refusal and the basis of such decision subject to not breaching any of the Group's or Great Eagle's contractual or legal obligations.

# CORPORATE GOVERNANCE REPORT

The Audit Committees of the Trustee-Manager and the Company shall be responsible for overseeing the implementation of the above measures. During the year 2020, there were no properties or investment opportunities being acquired by or made available to the Great Eagle Group that were subject to the Great Eagle ROFR Deed.

The Trustee-Manager with the Company (on the one hand) and Great Eagle (on the other hand) have boards of directors that function independently of each other. Notwithstanding that Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander, Directors of the Trustee-Manager and the Company, are also directors of the Great Eagle Group, and Mr. Lo Chun Lai, Andrew is a deemed connected person of Dr. Lo, given adequate corporate governance measures are in place, the three Independent Non-executive Directors of the Trustee-Manager Board and the Company Board would have sufficient expertise to manage the Trust Group in the event that Dr. Lo, Mr. Alexander Lo and Mr. Andrew Lo are required to abstain from voting on matters relating to the Great Eagle Group.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Trustee-Manager Board and the Company Board are entrusted with the overall responsibility on an ongoing basis for ensuring that appropriate and effective risk management and internal control systems are established and maintained for the Trustee-Manager and the Company. The systems are designed to provide reasonable but not absolute assurance against material misstatement or loss, and to manage rather than eliminate risk of failure to meet the business objectives. The following have been established and executed to ensure there are appropriate and effective risk management and internal control systems within the Trustee-Manager and the Company:

- (a) a good control environment including well defined organizational structure, limit of authority, reporting lines and responsibilities;
- (b) Risk Management Self-Assessment and Internal Control Self-Assessment conducted annually by the Trustee-Manager and the Company;
- (c) appropriate risk mitigating activities including clear written company policies and procedures that can manage risks to an acceptable level for the achievement of the business objectives;
- (d) effective information platforms to facilitate internal and external information flow; and
- (e) structured internal audit function to perform independent appraisal of major operations on an ongoing basis.

Through the Audit Committees of the Trustee-Manager and the Company and the Great Eagle Group's Internal Audit Department, the Trustee-Manager Board and the Company Board have conducted an annual review on the effectiveness of the risk management and internal control systems for the year ended 31 December 2020.

With adoption of a risk-based approach, the Internal Audit Department takes the lead to evaluate the risk management and internal control systems of the Trustee-Manager and the Company by reviewing all their major operations on a cyclical basis. The audit reviews cover all material controls including financial, operational and compliance controls. The 3-year audit plan of the Internal Audit Department is approved by the Audit Committees. The Head of Internal Audit Department reports directly to the Audit Committees and the Chairman of the Trustee-Manager and the Company. Results of the audit reviews in the form of audit reports are submitted to the members of the Audit Committees for discussion at the Audit Committee meetings. The internal audit reports are also followed up by the Internal Audit Department to ensure that findings previously identified have been properly resolved.

# CORPORATE GOVERNANCE REPORT

Based on the results of the internal audit reviews for the year ended 31 December 2020 and the assessment of the Audit Committees thereon, no significant irregularity or deficiency in the risk management and internal control systems has drawn the attention of the Audit Committees.

The Trustee-Manager Board and the Company Board therefore are satisfied that the Trust (together with the Trustee-Manager) and the Company have maintained appropriate and effective risk management and internal control systems for the year ended 31 December 2020.

## HOLDERS OF SHARE STAPLED UNITS

### Communication with Holders of Share Stapled Units

We recognize the importance of maintaining an ongoing dialogue with our Unitholders. The Unitholder Communication Policy has been adopted to promote effective engagement with individual Unitholders, institutional investors and other stakeholders.

Our corporate website ([www.langhamhospitality.com](http://www.langhamhospitality.com)) is one of the key channels by which the Unitholders and potential investors can find a wealth of information about the Trust Group. All corporate communications of the Trust and the Company, including but not limited to annual and interim reports, announcements, circulars, key corporate governance policies, terms of reference of the various Board Committees, press releases and other corporate information, are made available on this website. For Unitholders who have supported the use of environmentally-friendly means in receiving corporate communications, our website provides the most convenient way for locating the desired information. We also address the needs of those Unitholders who are more accustomed to reading offline by sending corporate communications to them in printed form free of charge upon receipt of their election in writing as such.

To facilitate a two-way dialogue with Unitholders and other stakeholders, the corporate communications and website, where necessary, are supplemented by various briefings and conferences. The management and the Head of Investor Relations will meet existing and potential investors, financial analysts and media at road shows, analyst briefings, investor conferences and one-on-one group meetings where our senior executives can exchange and share views and opinions with the participants and address any queries that they may have about the business development and corporate strategies of the Trust Group based on publicly available information. Presentation materials for analyst briefings on annual and interim results, if any, are also posted on our website so as to deliver a more in-depth understanding on the Trust Group's financial performance and position.

Unitholders may at any time direct their enquiries about the Trust and the Company to the Trustee-Manager Board and the Company Board by writing to the Company's principal place of business in Hong Kong or by email to [enquiry@langhamhospitality.com](mailto:enquiry@langhamhospitality.com).

### General Meeting

The Trustee-Manager Board and the Company Board recognise the significance of general meetings which provide the best opportunity for a genuine dialogue between the Directors and our Unitholders. In light of the outbreak of COVID-19, the Trust and the Company implemented a number of precautionary measures for the 2020 AGM, including distant seat arrangement and restricting the number of attendees in the 2020 AGM venue.

# CORPORATE GOVERNANCE REPORT

The 2020 AGM of the Trust and the Company was held on 12 May 2020 at 32nd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. The matters resolved thereat are listed below:

- Received and adopted the audited consolidated Financial Statements of the Trust and the Company for the year ended 31 December 2019, the audited Financial Statements of the Trustee-Manager for the year ended 31 December 2019, together with their respective Reports of the Directors and the independent auditor.
- Declared a final distribution of HK3.4 cents per Share Stapled Unit for the year ended 31 December 2019.
- Re-elected Dr. Lo Ka Shui as a Non-executive Director and Mr. Wong Kwai Lai as an Independent Non-executive Director.
- Authorised the Directors of the Company to fix their remuneration.
- Re-appointed Messrs. Deloitte Touche Tohmatsu as auditor of the Trust, the Trustee-Manager and the Company, and authorised the Directors of the Trustee-Manager and the Company to fix their remuneration.
- Approved the grant of a general mandate to the Directors of the Trustee-Manager and the Company to allot, issue and deal with additional Share Stapled Units not exceeding 20% of the issued number of Share Stapled Units.

The General Mandate will remain in effect until the conclusion of the next AGM of the Holders of Share Stapled Units, or the expiration of the period within which such AGM is required to be held, or until revoked, renewed or varied by an ordinary resolution of Holders of Share Stapled Units, whichever occurs first. Although the General Mandate granted may not be utilized during the valid period as mentioned above, this gives the Company the flexibility when needed without proposing second and subsequent refreshments of a general mandate in any one year. The Company will use the mandate sparingly and in the interest of the Holders of Share Stapled Units. Set out below is the utilization rate of the General Mandate granted by the Holders of Share Stapled Units for the last five validity periods:

Year of AGM	Mandate Validity Period	Number of Issued Share Stapled Units under Granted Mandate	% of Utilized Mandate <sup>(1)</sup>
2015	20/4/2015 to 22/4/2016	24,263,355	1.194
2016	22/4/2016 to 25/4/2017	21,644,050	1.052
2017	25/4/2017 to 18/4/2018	20,287,099	0.976
2018	18/4/2018 to 10/5/2019	22,678,703	1.080
2019	10/5/2019 to 12/5/2020	23,725,692	1.118

Note:

(1) This percentage is based on the number of issued Share Stapled Units as at the dates of the relevant annual general meetings.

# CORPORATE GOVERNANCE REPORT

General meetings of the Trust and the Company are held on a combined basis, proceedings of general meetings as summarized hereinbelow are reviewed from time to time to ensure that the best appropriate corporate governance practices are followed.

## ***Proceedings of General Meetings***

- Notice of general meetings together with other relevant corporate communications in printed form (or the notification letters for receiving the said corporate communications by electronic means through our corporate website, as the case may be) will be despatched to Holders of Share Stapled Units (i) no less than 20 clear business days prior to the AGM and general meeting where a special resolution is proposed for consideration and (ii) no less than 10 clear business days for all other general meetings.
- The Chairman of the Trustee-Manager Board and the Company Board as well as the chairmen of each of the Board Committees or, in their absence, their duly appointed delegates or other members of the respective Committees are available to answer questions at the general meetings.
- The chairman of the independent board committee or, in his/her absence, his/her duly appointed delegates or other member(s) of the committee will be available to answer questions at any general meetings at which approval for a connected transaction or approval from independent Holders of Share Stapled Units for any other transaction is sought.
- The external auditor will attend the AGM to answer questions relating to the audit.
- To safeguard the interests and rights of the Holders of Share Stapled Units, separate resolutions are proposed at the general meetings on each substantial issue, including the election/re-election of each individual Director.
- Holders of Share Stapled Units will be provided opportunities to ask questions for each of the proposed resolutions at general meetings.
- All votes of the Holders of Share Stapled Units at general meetings will be taken by poll. The procedures for conducting a poll will be clearly explained at the meeting.
- Poll results will be made available by way of an announcement, which will be published on our corporate website and the website "HKEXnews" on the same day after the general meeting.

# CORPORATE GOVERNANCE REPORT

## Rights of Holders of Share Stapled Units

### Right to Convene/Call a General Meeting

Pursuant to Article 12.3 of the Company's Articles, general meetings shall be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists hold as at the date of deposit of the requisition not less than, for as long as the Trust Deed remains in force, 10% of the paid up capital of the Company which carries the right of voting at general meetings of the Company. Within 21 days from the date of deposit of the requisition, the Company Board shall proceed to convene the meeting to be held with such notice in accordance with Article 12.4.

### Right to Appoint/Remove Trustee-Manager

Pursuant to Clause 23.1 of the Trust Deed, holders of Units of the Trust may (i) by requisition convene a meeting to vote on a resolution to remove the trustee-manager and (ii) nominate a company which has consented in writing to serve as the replacement trustee-manager for appointment at general meeting by serving the requisition/nomination on the incumbent trustee-manager, provided

that the holders of Units making such requisition and/or nomination hold not less than 5% of the total voting rights of all holders of Units at the date of the requisition/nomination.

### Proposing a Person for Election as a Director

Pursuant to Article 16.5 of the Company's Articles, two members of the Company (not including the person to be proposed) together representing not less than 10% of the total voting rights of all the members are entitled to propose a person for election as a Director of the Company at the general meeting by lodging a written notice with the principal office of the Company in Hong Kong of their such intention together with the consent of the nominated person at least 7 days before the date of the general meeting.

## EXTERNAL AUDITOR

### Auditor's Responsibilities for the Financial Statements

The statement by the auditor about its reporting responsibilities for the Trust Group and the Trustee-Manager are set out in the Independent Auditor's Report on pages 94 to 98 and pages 162 to 164 respectively of this Annual Report.

## Auditor's Remuneration

During the year ended 31 December 2020, the total fees in respect of audit and non-audit services provided to the Trust Group and the Trustee-Manager by the external auditor, Messrs. Deloitte Touche Tohmatsu, are set out as follows:

Services rendered	For the year ended 31 December 2020	
	Trust Group HK\$'000	Trustee-Manager HK\$'000
<b>Audit services</b>	1,414	20
<b>Non-audit services</b>		
Interim review fee	386	–
Other review fees including continuing connected transactions review, etc	788	2
<b>Total:</b>	<b>2,588</b>	<b>22</b>

Note:

The total amounts of Auditor's Remuneration as disclosed in note 13 to the consolidated financial statements of the Trust and the Company and note 4 to the financial statements of the Trustee-Manager are HK\$1,414,000 and HK\$20,000 respectively and do not include the fees in respect of non-audit services.

# CORPORATE GOVERNANCE REPORT

## CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2020, there was no change to the Trust Deed and the Company's Articles, the current version of which are available for download from our website and the website "HKEXnews".

## CONNECTED TRANSACTIONS AND/OR CONTINUING CONNECTED TRANSACTIONS

Details of the connected transactions and/or continuing connected transactions subsisted during the year under review and the annual review are set out in the Report of the Directors contained in this Annual Report on pages 83 to 89.

## SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

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

Having made specific enquiry, all members of the Board and relevant employees of the Company confirmed that they had fully complied with the Code of Conduct for Securities Transactions during the year ended 31 December 2020. The Directors' interests in the securities of the Trust and the Company and the associated corporations (within the meaning of the SFO) as at 31 December 2020 are set out in the Report of the Directors.

## DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Trustee-Manager Board and the Company Board, supported by the Accounts and Finance Department, are responsible for the preparation of the financial statements of the Trust Group and the Trustee-Manager for the year ended 31 December 2020.

## DIRECTORS' AND OFFICERS' INSURANCE

During the year ended 31 December 2020, appropriate Directors' and Officers' liabilities insurance coverage had been arranged in respect of legal action that might be taken against the Directors and officers of the Trustee-Manager and the Company.

## PUBLIC FLOAT

So far as the Trustee-Manager Board and the Company Board are aware of, as at the date of this report, the Trust and the Company had maintained a sufficient public float with more than 25% of the issued and outstanding Share Stapled Units being held by the public.

## RELATED PARTY TRANSACTIONS

During the year ended 31 December 2020, certain transactions between the Trust Group, the Trustee-Manager and parties regarded as "related parties" under the applicable accounting standards subsisted. The Trust Group and the Trustee-Manager also entered into a transaction with a related party during the year. Several of these related party transactions also constituted connected transactions as defined under the Listing Rules. Details of related party transactions are disclosed in note 36 to the consolidated financial statements of the Trust and the Company.

# CORPORATE GOVERNANCE REPORT

## HOTEL MANAGER AND EMPLOYEES

The Trust Group does not manage the daily operations of the Hotels. The Hotel Manager is responsible for the management of and all sales, marketing and advertising activities in relation to the Hotels pursuant to the Hotel Management Agreements. The Hotel Manager has a team of well-experienced operational staff exclusively dedicated in providing services to the Hotels. The Hotels control the payroll and related expense in accordance with the business level and also continuously review the process for higher efficiency. Comparing to 31 December 2019, there is a decrease of 117 headcounts as at 31 December 2020.

The following charts show the breakdown of the employees of the Hotel Manager and its subsidiaries who were engaged in the operation and management of the Hotels as at 31 December 2020:

### By Hotel

**281**  
Eaton HK

**484**  
Cordis,  
Hong Kong

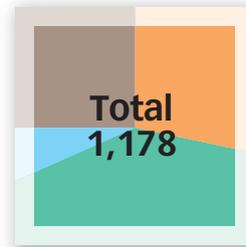


### By Function

**413**  
The Langham,  
Hong Kong

**293**  
Others

**77**  
Sales and  
marketing



**335**  
Rooms

**473**  
Food and  
beverage

Salary levels of the Hotel Manager's employees are competitive, and discretionary bonuses are granted based on performance of the Hotels as well as achievement of departmental key performance indicators. Other employee benefits include educational allowance, insurance, medical scheme and provident fund schemes. The Hotel Manager and its subsidiaries are required to contribute an amount equivalent to 5% of the employees' basic salary (subject to the cap as stipulated under the applicable laws) to the Mandatory Provident Fund Scheme as mandatory contribution.

The Company has employed a team of five professional staff members to maintain an effective operation of the Trust Group. Great Eagle Group provides certain administrative and non-management services to the Trust Group, which include but not limited to, legal and

corporate secretarial support, finance, accounting and taxation support, human resources support, information technology support, internal audit support and general office administrative support on a cost-sharing basis under the Administrative Support Services Agreement. The remuneration package of our employees includes salary, bonuses, allowances and various retirement benefit schemes for the benefit of the staff. All staff members are signed up with the Mandatory Provident Fund Scheme in accordance with the applicable laws and regulations.

The total remuneration of the senior management (including the Chief Executive Officer) borne by the Company for the year ended 31 December 2020 are provided in note 14 to the consolidated financial statements of the Trust and the Company.