

# 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, minimise 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 2024.

The major activities during the year 2024 are set out below:

## Major activities

### **Increase of the original SSU Issuance Cap and Allotment and Issue of Share Stapled Units under Specific Mandates for payment of Hotel Manager's Fees**

At the extraordinary general meeting of the Trust and the Company (the "EGM") held on 8 May 2024, approvals were obtained from the independent Holders of Share Stapled Units for:

- (a) increasing the original SSU issuance cap for payment of the Hotel Management Fees and Licence Fees (collectively, the "Hotel Manager's Fees") in scrip, incorporating a three-year deferment mechanism, and making corresponding changes to the relevant hotel agreements;
- (b) a specific mandate for the allotment and issue of new Share Stapled Units as payment of the outstanding Hotel Manager's Fees for the financial year ended 31 December 2023; and
- (c) a specific mandate for the allotment and issue of new Share Stapled Units as payment of the Hotel Manager's Fees for the three financial years ending 31 December 2026.

Details of the transactions are set out in the Circular to Holders of Share Stapled Units of the Trust and the Company dated 22 April 2024.

### **Annual Caps for the Transactions Contemplated under the Deed of Mutual Covenant and Management Agreement**

As disclosed in the announcement of the Trust and the Company dated 6 August 2024, the annual caps for the transactions contemplated under the Deed of Mutual Covenant and Management Agreement regarding the provision of property management services by Keyesen Property Management Services Limited, an indirect wholly-owned subsidiary of Great Eagle, in respect of common areas and facilities at the lot of land on which Cordis, Hong Kong is situated, for the three financial years ending 31 December 2024, 2025 and 2026 are HK\$3,300,000, HK\$3,500,000 and HK\$4,000,000 respectively.

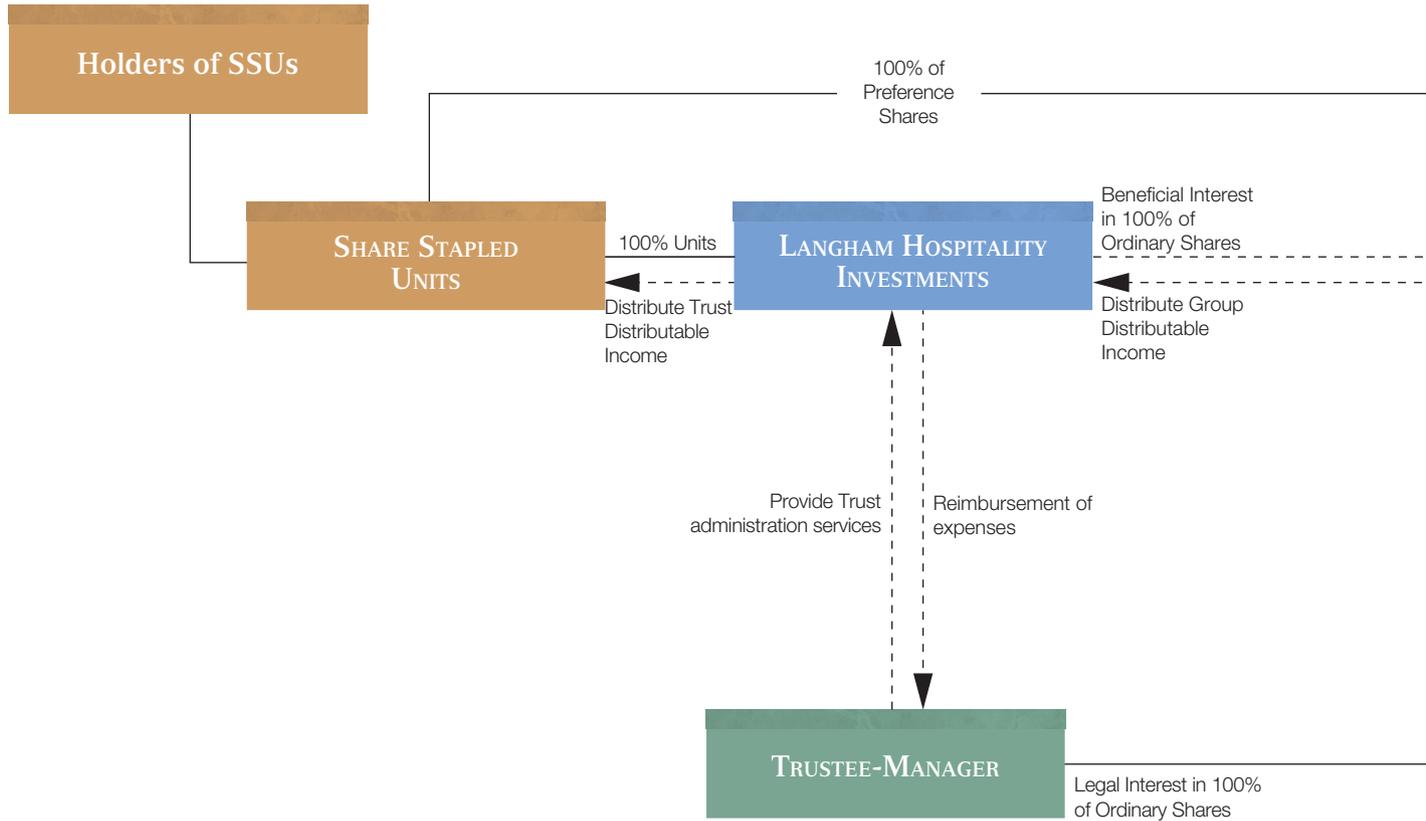
### **General Mandate to Issue Share Stapled Units**

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 8 May 2024. The mandate shall only 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.

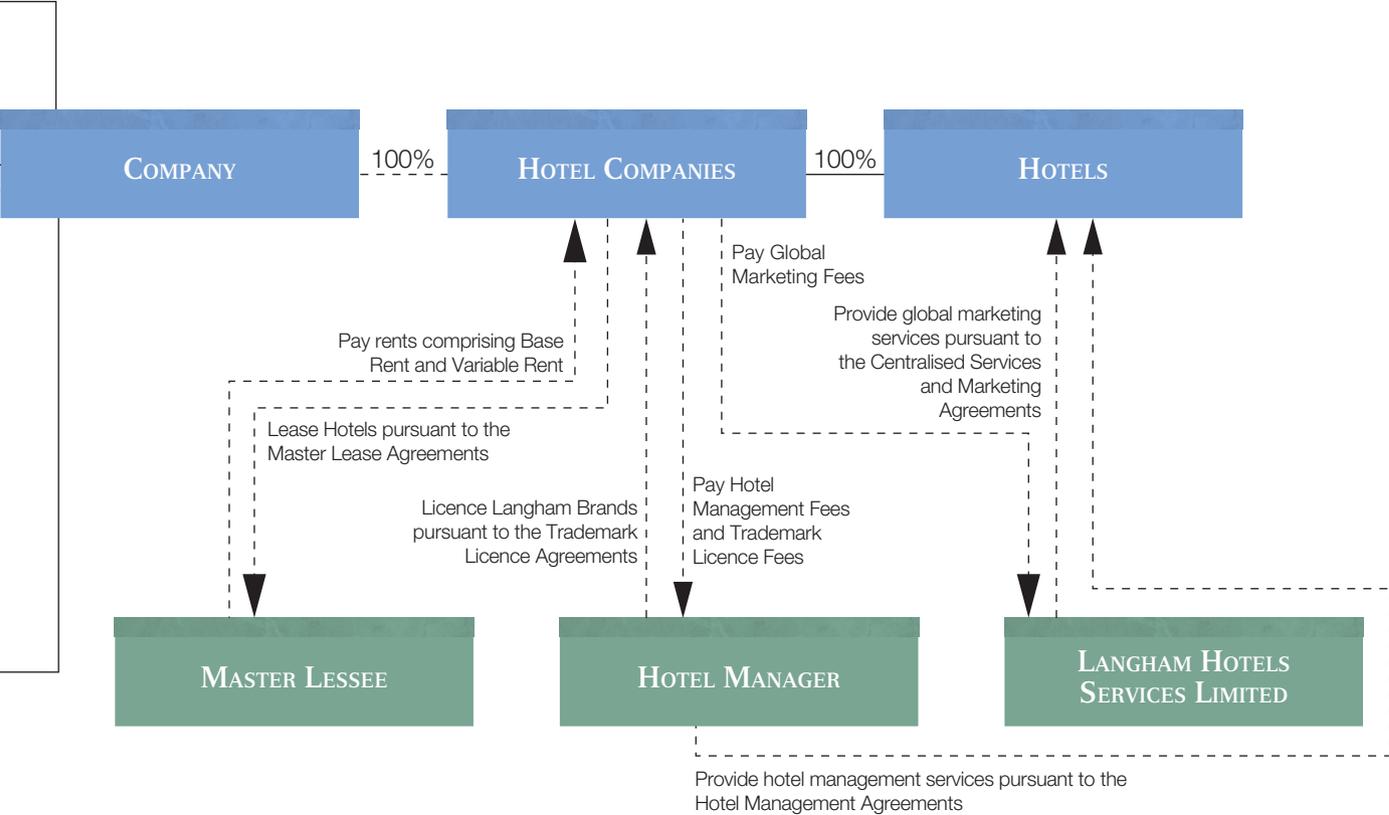
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## STRUCTURE OF THE TRUST GROUP

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



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Langham Hospitality Investments is constituted pursuant to the Trust Deed dated 8 May 2013 entered into between the Trustee-Manager and the Company under the laws of Hong Kong 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 in the administration of the Trust and is not involved in the management of the operations of the Trust 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 out by the Trust 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. Each Share Stapled Unit is composed of the following three components which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others:

- (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 STRATEGY, VALUES AND CULTURE

The Company and the Trust as a fixed single investment trust is committed to providing the Holders of Share Stapled Units with the potential for sustainable long-term growth of distributions and enhancement in the value of the hotel portfolio. The Trust Group has been established primarily to own and invest in a portfolio of hotels, with an initial focus on completed hotels located in Asia, and the Trust Group will look to grow and expand its hotel portfolio through active asset management, acquisition growth and capital and risk management strategies. The Boards play a leading role in ensuring the corporate culture of the Trust Group is in alignment with its values and strategies, which enable the Trust Group to create sustainable value and deliver long-term return for the Holders of Share Stapled Units and other stakeholders.

The Boards are also committed to ensuring that the Trust Group’s businesses are conducted in accordance with high standards of business ethics and corporate governance to maximise Unitholders’ interests in the long run. The Boards take the lead in promoting the desired corporate culture and the corporate culture and values are integrated throughout the policies and practices of the Trust Group which are communicated with the management and employees.

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## 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 disclosure in Corporate Governance Report prepared on a combined basis.

### Corporate Governance Policies and Procedures

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:

- Anti-Fraud, Bribery and Corruption Policy
- Board Diversity Policy
- Code of Conduct regarding Securities Transactions by Directors and Relevant Employees
- Corporate Governance Measures in respect of the operation of the Right of First Refusal granted by Great Eagle
- Director Independence Policy
- Employee Code of Conduct
- Policy on the Preservation and Prevention of Misuse of Inside Information
- Privacy Policy
- Reporting and Monitoring Policy on Connected Transactions

- Schedule of Matters Reserved for the Board
- Segregation of Duties between Chairman and Chief Executive Officer
- Unitholder Communication Policy
- Whistleblowing Policy

The Boards regularly review these policies and procedures, and further enhancement will be made from time to time in light of the latest statutory and regulatory regime and applicable international best practices. Copies of the principal governance policies can be obtained from our corporate website ([www.langhamhospitality.com](http://www.langhamhospitality.com)).

### Compliance with Corporate Governance Code

Pursuant to the Trust Deed, both the Trustee-Manager and the Company must co-operate with each other to ensure that each party complies with the applicable 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 applicable 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 applicable to the Trustee-Manager as the Directors of the Trustee-Manager are not entitled to any remuneration payable by the Trust nor the Trustee-Manager, and the Trustee-Manager does not have any employees.

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## Corporate Governance Measures to address Potential Conflicts of Interest

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 summarised in the chart on pages 62 to 63. 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 112 to 118.

These business relationships along with the fact that some of the Directors of the Trustee-Manager and the Company also hold directorships and/or senior management positions in the Great Eagle Group, might give rise to potential conflicts of interests between the Trust Group and the Great Eagle Group. As the interests of the Trust Group align with those of the Great Eagle Group, the performance and growth between the Trust Group and the Great Eagle Group are mutually complementary and the impact of these conflicts is minimal. The Boards believe that the Directors can still make independent decisions in the best interests of the Trust Group and the Unitholders. In all circumstances, the Trustee-Manager Board and the Company Board believe that the potential conflicts can be sufficiently reduced as follows:

- the Trust Group focuses on optimising 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 capitalising on its resources and expertise in developing its hotel management services operations and brand building;
- given that the Trust Group is among the major contributors to the performance of the Great Eagle Group, any reliance that the Trust 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 Trust Group will have the first right to participate and to acquire completed stand-alone hotels to be managed under the Langham Brands and Other Eaton Brands (as defined in the Great Eagle ROFR Deed) in Asia (excluding Australia and New Zealand) should the 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. They include:
  - (i) 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;
  - (ii) 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;

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- (iii) 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;
- (iv) 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 Committees of the Trustee-Manager and 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 Committees; and
- (iv) the Independent Non-executive Directors will annually review Great Eagle's compliance with the terms of the Great Eagle ROFR Deed. The findings will be disclosed in the annual report of the Trust and the Company, including any decisions made by the Trust Group regarding the exercise of the right of first refusal and the basis of such decisions, providing that there is no breach of any of the Trust Group's or Great Eagle's contractual or legal obligations.

The Audit Committees of the Trustee-Manager and the Company shall be responsible for overseeing the implementation of the above corporate governance measures in respect of the operation of the Great Eagle ROFR Deed.

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## BOARDS 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 composition of the Trustee-Manager Board and the Company Board during the year and up to the date of this report is set out below:

#### **Non-executive Directors**

LO Ka Shui ( <i>Chairman</i> )	12 years
LO Chun Him, Alexander	8 years
LO Chun Lai, Andrew	4 years

#### **Executive Director**

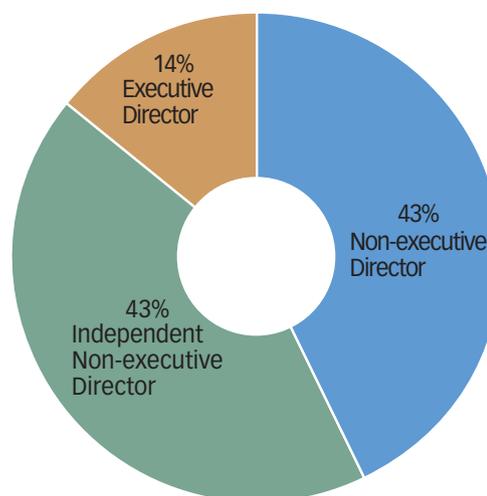
Brett Stephen BUTCHER ( <i>Chief Executive Officer</i> )	5 years
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#### **Independent Non-executive Directors**

CHAN Ka Keung, Ceajer	6 years
LIN Syaru, Shirley	11 years
WONG Kwai Lam	11 years

#### Length of Tenure

Dr. Lo Ka Shui, being the Chairman and Non-executive Director 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. Biographical details of the Directors of the Trustee-Manager and the Company are set out in this Annual Report on pages 25 to 28.



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

	Expertise	Responsibilities
<b>Non-executive Directors</b>		
LO Ka Shui ( <i>Chairman</i> )	Property and hotel development and investment both in Hong Kong and overseas	Overseeing the operations and affairs of the Boards' effectiveness and the relationships among the Boards, management and stakeholders; leading the Boards in formulating the corporate and financial strategy in the best interest of the Trust Group by taking into account, among other things, the opportunities and risks of the business of the Trust Group; enhancing further synergies between the Trust Group and Great Eagle; and for the overall supervision of the policies governing the conduct of the Trust 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 Trust 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 Trust Group; and overseeing the management of all hotel assets of Great Eagle worldwide
<b>Executive Director</b>		
Brett Stephen BUTCHER ( <i>Chief Executive Officer</i> )	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 Trust Group and implementing appropriate policies; developing procedures designed to ensure compliance with the overall risk management policies; acting as a direct liaison between the Boards and management and communicating to the Boards on behalf of management

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	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; scrutinising and monitoring the Trust 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; scrutinising and monitoring the Trust 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; scrutinising and monitoring the Trust 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

## Board Diversity

The board diversity policy (the "Board Diversity Policy") adopted by the Nomination Committee sets out the approach of the Company to achieve diversity on the Boards. The Company recognises and embraces the idea 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 Boards shall be on merit, in the context of the skills and experience the Boards 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 Boards' skill set and the number of

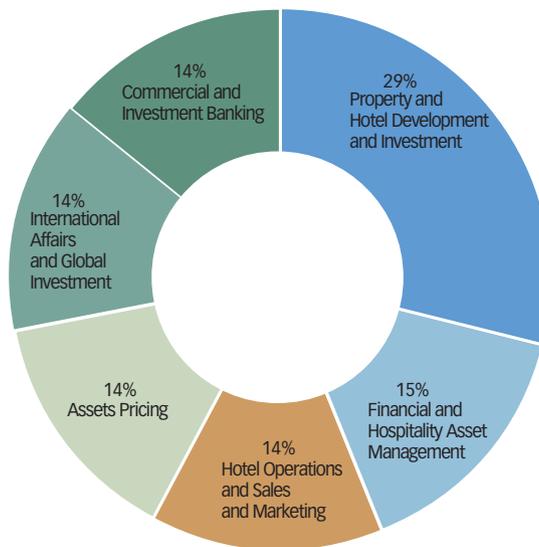
Directors needed to discharge the duties of the Boards and Board Committees. The Nomination Committee will not set any restrictions like gender, age, cultural or educational background when short-listing candidates. The Company believes that a truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background and other qualities of Directors. The Nomination Committee shall review the diversity of the Boards at least annually taking into account the Trust 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 Boards to complement the Company's corporate strategy.

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Currently, the Boards have a diversity of skills, experience and perspectives among the Board members that are appropriate to the Trust Group’s business, strategy and governance, contributing to the Boards’ effectiveness. The Boards comprise a range of expertise including property and hotel development and investment, financial and

hospitality asset management, hotel operations, sales and marketing, assets pricing, international affairs and global investment and commercial and investment banking as shown in the chart below.

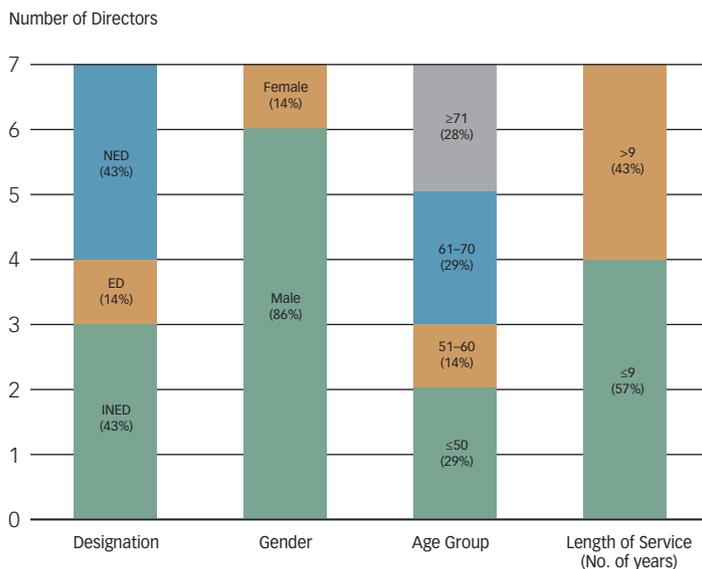
## Board Skills Matrix



Additionally, the Boards consist of members from various age groups and of both genders. The Boards believe that the current board composition is diverse, with a well-balanced mix of professional backgrounds, skills,

experience, gender and age. The Nomination Committee will regularly review the Boards’ composition and ensure the diversity of the Boards. The following chart shows the diversity profile of the Boards as at 31 December 2024:

## Diversity Mix



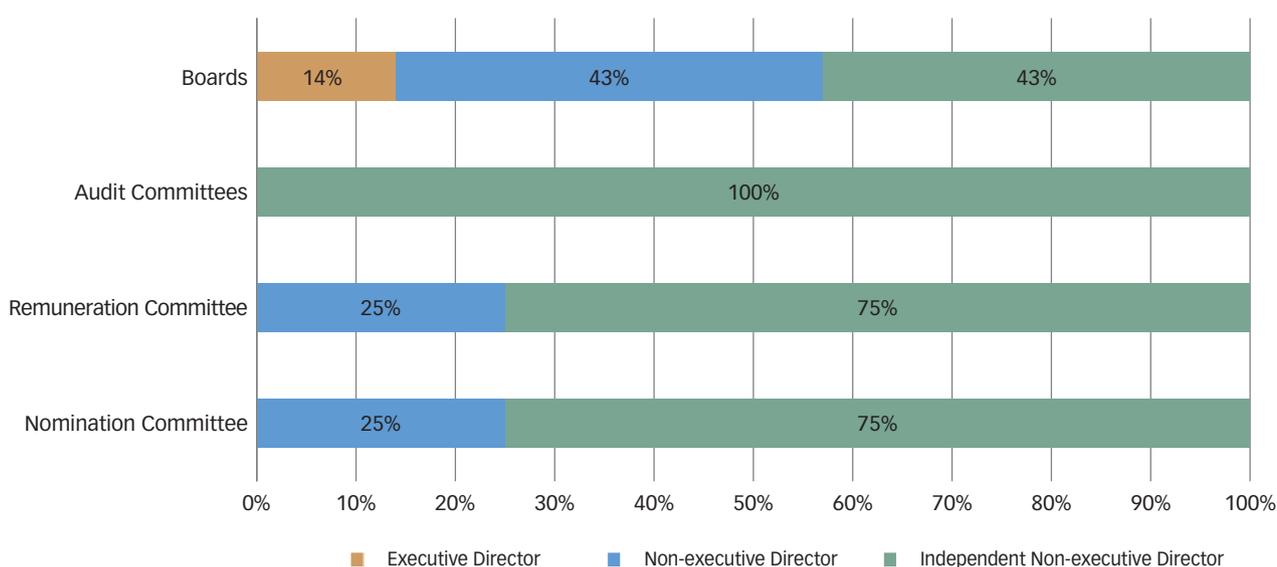
Remarks:  
 ED – Executive Director  
 NED – Non-executive Director  
 INED – Independent Non-executive Director

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## Board Independence

The Trustee-Manager and the Company recognise that Board independence is critical to good corporate governance and Board effectiveness. The participation of Independent Non-executive Directors on the Boards brings independent and objective judgment to 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 the Unitholders. Each of the Board Committees is chaired by an Independent Non-executive Director and comprises all or a majority of Independent Non-executive Directors.

### Independence Weighting



To ensure independent views and inputs are available to the Boards of the Trustee-Manager and the Company, a Director Independence Policy was adopted and the following mechanisms are implemented by the Boards, and the Board Committees follow the same processes, where applicable, as the Boards.

Measures	Mechanisms to ensure independence
<b>Independence Assessment</b>	<b>Confirmation of independence</b> All Independent Non-executive Directors have provided a written annual confirmation of independence to the Trustee-Manager and the Company on their compliance with the independence criteria set out under Rule 3.13 of the Listing Rules. The Nomination Committee shall assess the independence of Independent Non-executive Directors upon appointment and annually to ensure they can continually exercise independent judgement. Interlocking directorships of the Board members shall be reviewed by the Nomination Committee annually.

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Measures	Mechanisms to ensure independence
	<p><b>Time Commitments</b></p> <p>All Directors should attend all regular meetings of the Boards and Board Committees on which they serve and also general meetings of the Trust and the Company. Non-executive Directors are required to provide written annual confirmations regarding their time involvement in the affairs of the Trust Group.</p> <p><b>Disclosure of Interest</b></p> <p>All Directors have to disclose their interest and/or any actual or potential conflicts of interest in the matters to be considered at the Board or Board Committee meetings and shall abstain from voting in respect of any transaction, contract or arrangement in which he/she has material interests. Directors will be required to provide confirmations of any material interests in competing business of the Trust Group.</p> <p><b>Appointment Process</b></p> <p>The Nomination Committee is delegated by the Board of the Company to shortlist any and all candidates recommended as nominees to be appointed as Directors. The Nomination Committee shall follow the selection criteria and evaluation procedures in nominating candidates to be appointed as Directors of the Boards as set out in the Nomination Policy.</p>
<b>Proceedings of the Boards</b>	<p>The dates of the regular Board and Board Committee Meetings for the year are determined in the fourth quarter of the previous year. 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. By at least three business days in advance of every regular Board and Board Committee Meeting, Directors are provided with the meeting agenda and the relevant board papers containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings.</p>
<b>Board Decision Making</b>	<p>During the Board and Board Committee meetings, the Non-executive Directors are encouraged to express freely their independent views and inputs in an open and candid manner, provide open and objective challenge and informed insight and responses to the management, and bring outside knowledge of the businesses and markets in which the Trust Group operates. Comments and concerns raised by the Directors are closely followed up by the management.</p> <p>In addition to Board meetings, the Chairman schedules an annual meeting with Independent Non-executive Directors without the presence of other Directors to discuss the affairs of the Trust Group.</p> <p>The Company Secretary is required to prepare minutes that record not only the decisions reached but also any concerns raised or dissenting views expressed by Directors. A draft version of the minutes is circulated to all Directors for their comment and confirmation. The final version is also provided to the Directors for records. Minutes of all Board and Board Committee Meetings are available for the Directors' inspection.</p>

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Measures	Mechanisms to ensure independence
<b>Supply and Access to Information</b>	<p>The Directors are provided with monthly reports covering highlights of the Trust Group's major businesses to keep abreast of the Trust Group's business performance and enable them to bring informed decisions in the best interests of the Trust Group and the Unitholders. More thorough and comprehensive management and financial updates are provided to all Board members on a quarterly basis to ensure each member is aware of the financial performance and position of the Trust Group.</p> <p>Discussion sessions between the Boards and the management are held twice a year and business performance of the Trust Group, risk management and internal control, information security matters and legal and compliance issues will be reported to the Boards.</p> <p>The Directors also have access to the advice and services of the Company Secretary who supports the Boards, ensures proper information flow within the Boards, and Board policies and procedures are followed.</p> <p>To facilitate proper discharge of Directors' duties and responsibilities, all Directors (including Independent Non-executive Directors) are entitled to seek advice from the Company Secretary or in-house legal team as well as from independent professional advisors at the expense of the Trust Group, in which the Company Secretary is responsible for making all necessary arrangements.</p>
<b>Induction and Continuing Development</b>	<p>The Company Secretary will provide induction pack and orientation program for all new recruits to the Boards. Such pack and program would familiarise the newly appointed Director with the business and operations of the Trust Group, the legal framework under which the Trust and the Company are governed and the internal control and policies of the Trust and the Company. Subsequent information packages are regularly provided to the Directors to keep them abreast of latest developments in the industry and legal framework that are relevant to the affairs of the Trust Group.</p>
<b>Remuneration of Independent Non-executive Directors</b>	<p>Independent Non-executive Directors receive only fixed fee(s) for their role as members of the Boards and Board Committees. No profit related pay is granted to them as this may lead to bias in their decision-making and compromise their objectivity and independence.</p>

The Boards believe the above measures could facilitate the Directors to contribute effectively and ensure that independent views and input are available to the Boards and Board Committees. The Boards have reviewed the implementation and effectiveness of the above mechanisms for the year 2024.

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## 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. The Directors are the members of the Senior Management of the Trustee-Manager and the Company.

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.

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 the management who are 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 Trust Group's needs.

### Summary of Key Matters Reserved for the Board

#### Strategy

- Approval of the Trust Group's long-term objectives and corporate strategy
- Extension of the Trust Group's activities into new business of material nature
- Maintain and promote the culture of the Trust Group
- Any decision to cease to operate all or any material part of the Trust Group's business
- Any change in the Company's domicile or listing status

#### Structure and Capital

- Recommendations to the Unitholders of proposals relating to General Mandate to issue new Share Stapled Units
- Changes relating to the Trust Group's capital structure
- Major changes to the Trust Group's corporate structure, management and control structure

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## Summary of Key Matters Reserved for the Board

<b>Financial and Corporate Governance</b>	<ul style="list-style-type: none"><li>• Approval of the annual report, interim report and results announcements of the Trust and the Company</li><li>• Declaration of interim distribution and recommendation of final distribution</li><li>• Approval of any significant changes in accounting policies or practice</li><li>• Approval of substantial acquisition or disposal</li><li>• Approval of non-exempt connected transactions</li><li>• Approval of major capital expenditures</li><li>• Approval of terms of reference of Board Committees</li><li>• Review of the Trust Group's overall corporate governance arrangements</li><li>• Approval of the Trust Group's governance policies</li><li>• Approval of the environmental, social and governance report</li></ul>
<b>Board Membership and Other Appointments</b>	<ul style="list-style-type: none"><li>• Appointment of Director and membership of Board Committees</li><li>• Appointment or removal of the Company Secretary</li><li>• Appointment, re-appointment or removal of the external auditor to be put to Unitholders for approval, if required</li></ul>

## 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 for overseeing the operations and affairs of the Boards' effectiveness and the relationships among the Boards, management and stakeholders. He is accountable to the Boards for leading the Boards in formulating the corporate and financial strategy in the best interest of the Trust Group by taking into account, among other things, the opportunities and risks of the business of the Trust Group and enhancing further synergies between the Trust Group and its parent company and for the overall supervision of the policies governing

the conduct of the Trust Group's business. The Chief Executive Officer is ultimately responsible for all day-to-day management decisions and for leading the development and implementing the long and short term strategy and plans. He is accountable for identifying potential risks and opportunities of the Trust 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 Boards and management and communicating to the Boards on behalf of management.

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## 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.

Dr. Lo Ka Shui, being the longest in office since his last re-election, along with Mr. Brett Stephen Butcher and Professor Lin Syaru, Shirley, both being determined by lot, will retire as the Directors at the forthcoming AGM and are eligible for re-election. The Nomination Committee has assessed the independence of Professor Lin, an Independent Non-executive Director who has served the Board for more than nine years, and considered that she remains independent. Further details on the independence assessment of Professor Lin are set out in the sub-section headed "Independence Assessment" of this report.

## Nomination Policy

The Nomination Committee adopted a nomination policy (the "Nomination Policy") in 2019 which sets out the selection criteria and the evaluation procedures in nominating candidates to be appointed or re-appointed as Directors of the Company. The objective of the Nomination Policy is to assist the Nomination Committee in fulfilling its duties and responsibilities as provided in its terms of reference. The Nomination Committee recommends candidates for nomination to the Boards, which approve the final choice of candidates.

The Nomination Committee shall consider any and all candidates recommended as nominees for Directors to the Nomination Committee by any Directors of the Company or Unitholders 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 to 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

## Attendance Record at Board Meetings, Board Committee Meetings and General Meetings

During the year under review, each of the Trustee-Manager and the Company held four regular Board meetings. The attendance of individual Directors at all the Board and Board Committee meetings and general meetings held during the year ended 31 December 2024 is set out below:

### Number of Meeting(s) Attended/Eligible to Attend in 2024

Name of Directors	Boards	Audit Committee	Nomination Committee	Remuneration Committee	2024 AGM	EGM
<b>Non-executive Directors</b>						
LO Ka Shui ( <i>Chairman</i> )	4/4	–	1/1	1/1	1/1	1/1
LO Chun Him, Alexander	4/4	–	–	–	1/1	1/1
LO Chun Lai, Andrew	4/4	–	–	–	1/1	1/1
<b>Attendance Rate</b>	<b>100%</b>	<b>–</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Executive Director</b>						
Brett Stephen BUTCHER ( <i>Chief Executive Officer</i> )	4/4	–	–	–	1/1	1/1
<b>Attendance Rate</b>	<b>100%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>100%</b>	<b>100%</b>
<b>Independent Non-executive Directors</b>						
CHAN Ka Keung, Ceajer	4/4	2/2	1/1	1/1	1/1	1/1
LIN Syaru, Shirley	4/4	2/2	1/1	1/1	1/1	1/1
WONG Kwai Lam	4/4	2/2	1/1	1/1	1/1	1/1
<b>Attendance Rate</b>	<b>100%</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>	<b>100%</b>

Note: Each of the Board and Board Committee meetings of the Trustee-Manager was held concurrently with that of the Company.

## 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 new directors and continuing development of all Directors. The Trust Group has a Director Development Program that fosters the continuous development of the Board members. The program has two components, namely (1) New Director Orientation and (2) Ongoing Director Development. An induction pack will be provided to the new Director to ensure he/she 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 2024, self-reading materials with specific focus topics on industry trends and updates pertaining to the Trust Group's business, legal and regulatory, corporate governance and ESG, taxation and financial reporting, and directors' roles and duties were provided to the Directors. All Directors had provided their

training records to the Trustee-Manager and the Company and confirmed that they had participated in no less than 10 training hours during the year ended 31 December 2024. The table below summarises the participation of Directors in training and continuous professional development during the year:

## Training Record

Name of Directors	Industry Trends and Updates	Legal and Regulatory	Corporate Governance and ESG	Taxation and Financial Reporting	Directors' Roles and Duties	Total Training Hours
<b>Non-executive Directors</b>						
LO Ka Shui (Chairman)	✓	✓	✓	✓	✓	11.5
LO Chun Him, Alexander	✓	✓	✓	✓	✓	11.5
LO Chun Lai, Andrew	✓	✓	✓	✓	✓	11.5
<b>Executive Director</b>						
Brett Stephen BUTCHER (Chief Executive Officer)	✓	✓	✓	✓	✓	11.5
<b>Independent Non-executive Directors</b>						
CHAN Ka Keung, Ceajer	✓	✓	✓	✓	✓	11.5
LIN Syaru, Shirley	✓	✓	✓	✓	✓	11.5
WONG Kwai Lam	✓	✓	✓	✓	✓	11.5

## 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 enquiries, all members of the Boards 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 2024. 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 2024 are set out in the "Report of the Directors".

## Directors' and Officers' Liability Insurance

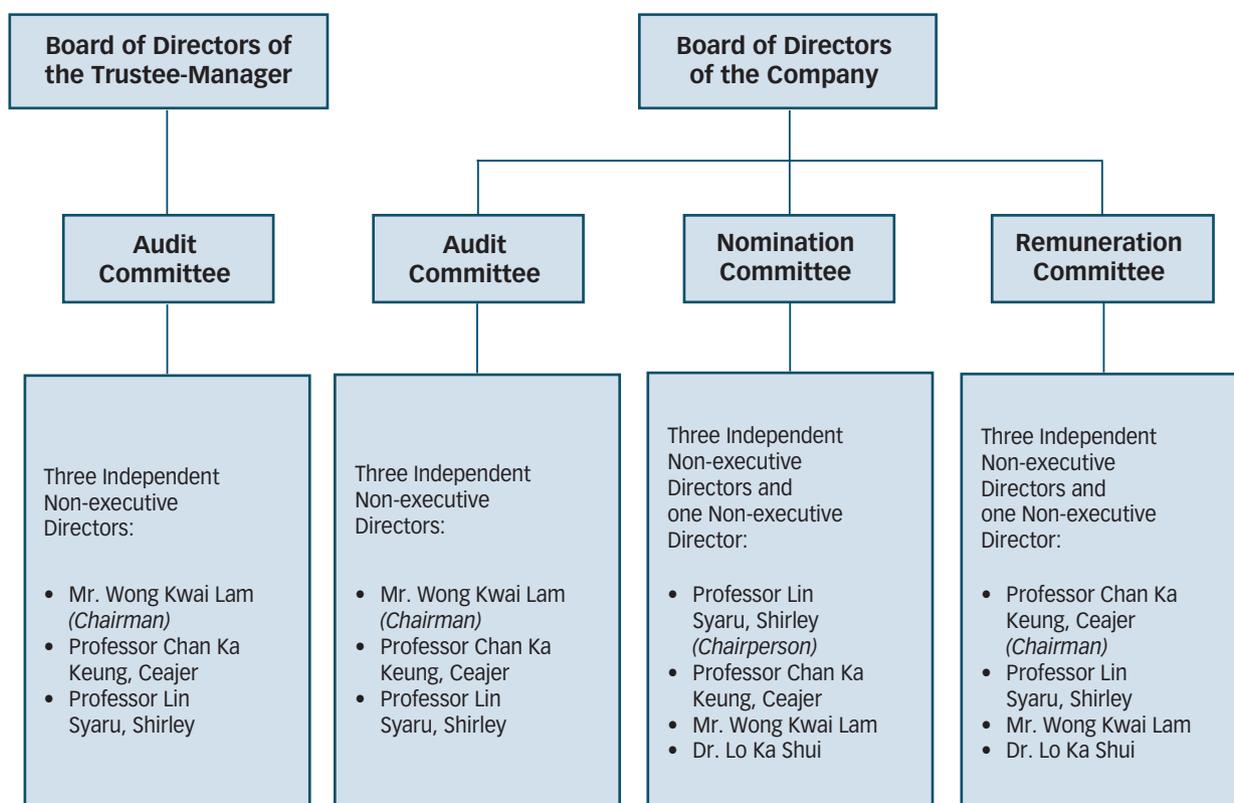
During the year ended 31 December 2024, appropriate Directors' and Officers' liabilities insurance coverage had been arranged in respect of legal action that might be taken against the Directors and officers of the Trustee-Manager and the Company.

# CORPORATE GOVERNANCE REPORT

## 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 Boards. The terms of reference of the Committees setting out in detail their duties and responsibilities are posted on our corporate website ([www.langhamhospitality.com](http://www.langhamhospitality.com)) and the HKEXnews' website.



# CORPORATE GOVERNANCE REPORT

## **Audit Committees**

### ***Roles and Authorities***

The Audit Committees of the Trustee-Manager and the Company assist the Boards on risk management, internal control, financial management and corporate governance issues. Advisory and not supervisory in nature, the Audit Committees review the reports and proposals from management and make recommendations to the Boards regarding financial reporting and other statutory obligations, risk management and internal control systems, audit process and corporate governance practices. The Audit Committee's principal duties are:

- (a) to review half-year report, annual report and financial statements, and provide relevant comments and advice to the Boards;
- (b) to discuss the risk management and internal control systems with the management to ensure that the management has performed its duty to maintain effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of accounting and financial reporting function;
- (c) to review the internal audit programme, ensure that the internal audit function is adequately resourced, and to monitor its effectiveness;
- (d) to advise the Boards regarding the appointment, re-appointment and removal of external auditor, approve its remuneration and terms of engagement, and handle any questions of its resignation or dismissal;
- (e) to review the external auditor's management letter, and address any material queries from the auditor to the management about accounting records, financial accounts or internal control system and the management's response to the points raised;
- (f) to review the arrangements for employees to confidentially raise concerns about possible improprieties in financial reporting, risk management, internal control or other matters, and ensure that proper arrangements are in place for fair and independent investigation of these matters along with appropriate follow-up action; and
- (g) to review the implementation and compliance of the Great Eagle ROFR Deed.

# CORPORATE GOVERNANCE REPORT

## **Summary of work**

During the year ended 31 December 2024, the Audit Committees of the Trustee-Manager and the Company held two regular meetings with all members present. The following is a summary of the major work done categorised by the primary areas of duties of the Audit Committees:

<b>Primary areas of duties</b>	<b>Summary of major work done of the Audit Committees in 2024</b>
<b>Disclosure of Financial Information</b>	<ul style="list-style-type: none"><li>• reviewed the draft 2024 Interim Report and interim results announcement of the Trust and the Company for the period ended 30 June 2024</li><li>• reviewed the draft 2023 Annual Report and final results announcement of the Trust and the Company for the year ended 31 December 2023</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 2024, 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 2023, with particular regard to the significant audit risks and other audit issues including:<ol style="list-style-type: none"><li>(1) the review on the fair value of the three investment properties of the Trust Group;</li><li>(2) the potential oversight by management in financial reporting process;</li><li>(3) the assessment of going concern basis in connection with the net current liabilities status of the Trust Group and the Group; and</li><li>(4) the review on the fair value of derivate financial instruments – interest rate swaps.</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>• reviewed 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 recommended the re-appointment of Deloitte Touche Tohmatsu as the external auditor, the provision of audit and non-audit services and approved its remuneration</li></ul>

# CORPORATE GOVERNANCE REPORT

Primary areas of duties	Summary of major work done of the Audit Committees in 2024
<b>Connected Transactions</b>	<ul style="list-style-type: none"> <li>reviewed and monitored connected transactions through half-year 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 the Listing Rules, the Trust Deed, the SFO and the Corporate Governance Code for the year ended 31 December 2023 and the six months ended 30 June 2024, and the 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> <li>during the year 2024, 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</li> </ul>

## Nomination Committee

### *Roles and Authorities*

The Nomination Committee formulates policy and makes recommendations to the Company Board on nomination, appointment or re-appointment of Directors and Board succession. The principal duties of the Nomination Committee are:

- (a) to establish a policy concerning diversity of the Company Board, taking into account the Company's business model and specific needs;
- (b) to establish a policy for the nomination of Directors;
- (c) to review the structure, size and composition (including the skills, knowledge and experience) of the Company Board at least annually, and to make recommendations on any proposed changes to the Company Board to complement the Company's corporate strategy;
- (d) to identify individuals suitably qualified to become Board members and make recommendations to the Company Board on the selection of individuals nominated for directorships;
- (e) to make recommendations to the Company Board on the appointment or re-appointment of Directors and succession planning for Directors; and
- (f) to assess the independence of Independent Non-executive Directors.

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

## **Summary of Work**

During the year ended 31 December 2024, one Nomination Committee meeting was held, with full attendance by all Committee members. The following is a summary of the major work done categorised by the primary areas of duties of the Nomination Committee:

Primary areas of duties	Summary of major work done of the Nomination Committee in 2024
<b>Board Composition</b>	<ul style="list-style-type: none"><li>reviewed the structure, size, and composition (including the skills, knowledge and experience) of the Company Board and the contributions required from 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>Board Independence Mechanisms</b>	<ul style="list-style-type: none"><li>reviewed the implementation and effectiveness of the mechanisms set out in the Director Independence Policy to ensure independent views and input were available to the Boards</li></ul>
<b>Independence of Independent Non-executive Directors</b>	<ul style="list-style-type: none"><li>assessed the independence of all Independent Non-executive Directors, including Independent Non-executive Directors who have served on the Boards for more than nine years (the "Long Serving INEDs")</li></ul>
<b>Appointment or Re-appointment of Directors</b>	<ul style="list-style-type: none"><li>reviewed and made recommendations to the Company Board in respect of the re-election of retiring Directors at the 2024 AGM, namely Mr. Lo Chun Him, Alexander, Professor Chan Ka Keung, Ceajer and Mr. Wong Kwai Lam</li></ul>

## **Independence Assessment**

The Nomination Committee believes that independence is an important part of fulfilling the Directors' duty to supervise 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 to interfere with the exercise of objective and unfettered judgment by relevant Directors. It reviews all relevant facts and circumstances such as interlocking directorships, 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.

The Nomination Committee has also considered the tenure of the Independent Non-executive Directors and noted that there are two Long Serving INEDs, namely, Professor Lin Syaru, Shirley and Mr. Wong Kwai Lam. In accordance with the Trust Deed and the Company's Articles, Professor Lin Syaru, Shirley shall retire from office and her re-election is subject to a separate resolution to be approved by the Holders of Share Stapled Units at the forthcoming AGM. After considering the relevant independence assessment requirements set out in Rule 3.13 of the Listing Rules, the Nomination Committee formed the view that there is no evidence showing that Long Serving INEDs would lose their independence nor be at an increased risk of complacency given their familiarity with management. The Nomination Committee considered that independence of mind is far more important than the appearance of independence and was fully satisfied that the Professor Lin demonstrated complete independence in character and judgement both

# CORPORATE GOVERNANCE REPORT

in her designated roles as members of the Boards and Board Committees and was of the opinion that she will continue to bring independent views of the Trust Group's affairs to the Boards notwithstanding her length of service. In addition, the Nomination Committee was of the view that the profound depth of expertise in economics and international relations of Professor Lin, underscored by her distinguished academic career and numerous publications, and her understanding of global market dynamics and policy-making has been invaluable in steering the Trust and the Company through complex economic landscapes.

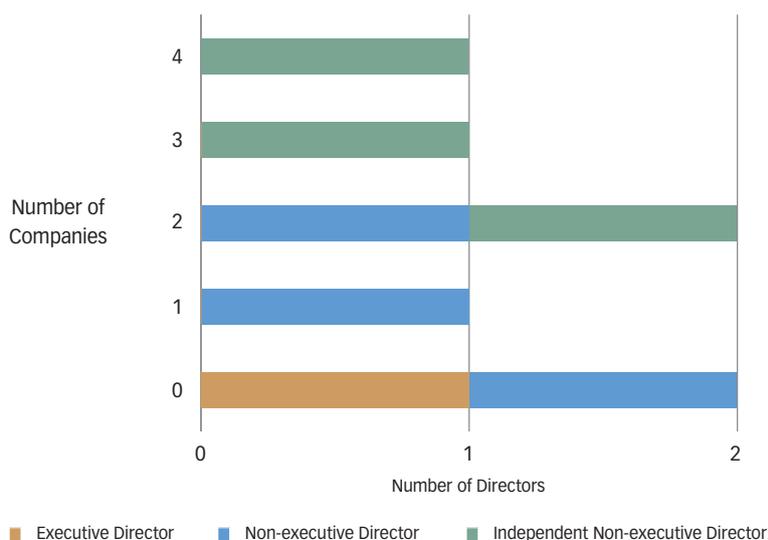
Professor Lin does not have any relationship with any Directors, senior management, substantial or controlling Holders of Share Stapled Units of the Trust and the Company. She has confirmed that she has no material interest, either directly or indirectly, in any business that competes with the Trust Group's operations. She has not been involved in the daily management of the Trust and the Company and has never taken part in any executive role that would interfere with her independent judgement. Additionally, she has submitted annual confirmation to the Trustee-Manager and the Company affirming her adherence to the independence guidelines set out in Rule 3.13 of the Listing Rules which assesses the independence of Independent Non-executive Directors. She has also provided written confirmation to the Trustee-Manager and

the Company on the sufficiency of time spent and attention to the affairs of the Trust Group. In view of the above, the Nomination Committee believed that Professor Lin is able to provide impartial advice and exercise independent judgement, ensuring the Boards' objectivity and integrity in decision making remain uncompromised.

## ***Time Commitment Assessment***

The Nomination Committee recognises the importance of Directors being able to contribute sufficient time to the Trust and the Company to effectively discharge their responsibilities. All Directors have provided written confirmation to the Trustee-Manager and the Company that they had given sufficient time and attention to the affairs of the Trust Group during the year 2024. The Directors have also disclosed to the Trustee-Manager and the Company annually their other directorships held in Hong Kong or overseas listed companies and other significant commitments. As at 31 December 2024, no Director concurrently holds more than six listed company directorships. Besides, all Directors have attended all Board Meetings, Board Committees Meetings and Unitholders' Meetings held during the year 2024. In view of the above, the Nomination Committee believed that the Directors are able to devote sufficient time to the affairs of the Trust Group without being over-occupied in the business of other listed companies.

### **Directorships with other listed companies**



# CORPORATE GOVERNANCE REPORT

## Remuneration Committee

### *Roles and Authorities*

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 management and to ensure remuneration levels are sufficient to attract and retain Directors to run the Company successfully without paying more than necessary.

The Remuneration Committee has the delegated responsibility to determine the remuneration packages of individual Executive Director and management and to make recommendations to the Boards on the remuneration of Non-executive Directors.

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 nor the Trustee-Manager, and the Trustee-Manager does not have any employee.

### *Summary of Work*

During the year ended 31 December 2024, one Remuneration Committee meeting was held, with full attendance by all Committee members. Below is a summary of major work done categorised under the primary areas of duties of the Remuneration Committee:

Primary areas of duties	Summary of major work done of the Remuneration Committee in 2024
<b>Remuneration Packages of Executive Director and Management</b>	<ul style="list-style-type: none"><li>approved the salary review and discretionary bonus distribution for the year 2024 and other remuneration packages of the Executive Director and management of the Company</li></ul>
<b>Remuneration of Non-executive Directors and Independent Non-executive 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</li><li>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 2024</li></ul>

# CORPORATE GOVERNANCE REPORT

## REMUNERATION OF DIRECTORS

The framework of the remuneration offered to the Executive Director and 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 nor 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 2024 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.

# CORPORATE GOVERNANCE REPORT

## Directors' Fee and Board Committee's Remuneration

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

# CORPORATE GOVERNANCE REPORT

## 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 adequate 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 followings have been established and executed to ensure there are adequate and effective risk management and internal control systems within the Trustee-Manager and the Company:

- (a) a good control environment including a well-defined organisational structure, limit of authority, reporting lines and responsibilities;
- (b) a 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 and 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) a structural 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 2024.

A risk management framework is implemented that provides a structured basis where all key risks (including but not limited to governance and strategy, regulatory compliance, people and talent, technology and operations, financial, economic, legal and ESG) are identified, analysed, evaluated, treated, monitored and reported in a consistent manner at all levels across the Company. A Risk Register is maintained to summarise the significant risks faced by the Company and the relevant risk mitigating activities.

With the 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. 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.

The three-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 Boards.

Based on the results of the internal audit reviews for the year ended 31 December 2024 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 are satisfied that the Trust (together with the Trustee-Manager) and the Company have maintained adequate and effective risk management and internal control systems for the year ended 31 December 2024.

# CORPORATE GOVERNANCE REPORT

## EXTERNAL AUDITORS

### 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 122 to 126 and pages 186 to 188 respectively of this Annual Report.

### Auditor's Remuneration

During the year ended 31 December 2024, 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 2024	
	Trust Group HK\$'000	Trustee-Manager HK\$'000
<b>Audit services</b>	1,312	20
<b>Non-audit services</b>		
Interim review fee	386	–
Other review fees including continuing connected transactions review, etc.	98	2
<b>Total</b>	<b>1,796</b>	<b>22</b>

Note: The total amount 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\$1,312,000 and HK\$20,000 respectively and do not include the fees in respect of non-audit services.

# CORPORATE GOVERNANCE REPORT

## UNITHOLDERS ENGAGEMENT

### Constitutional Documents

During the year ended 31 December 2024, there was no change to the Trust Deed and the Company's Articles, the current version of which are available for download from our corporate website ([www.langhamhospitality.com](http://www.langhamhospitality.com)) and the HKEXnews' website.

### Unitholder Communication Policy

The Trustee-Manager and the Company recognise the importance of maintaining an ongoing dialogue with the Unitholders. The Boards have adopted the Unitholder Communication Policy which sets out the framework for promoting effective communication and engagement with individual Unitholders, institutional investors and other stakeholders, and annually review its effectiveness. Below is a summary of the communication channels with the Unitholders.

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<b>Corporate Website and Corporate Communication</b>	<ul style="list-style-type: none"><li>• Our corporate website (<a href="http://www.langhamhospitality.com">www.langhamhospitality.com</a>) includes 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 and important corporate information, enabling the Unitholders and investors to access to timely and updated information.</li><li>• Presentation materials on annual and interim results are also posted on our corporate website so as to deliver a more in-depth understanding on the Trust Group's financial performance and position.</li><li>• For Unitholders who prefer to read offline, corporate communications in printed form, free of charge, will be sent to them upon receipt of their written request.</li></ul>
<b>General Meetings</b>	<ul style="list-style-type: none"><li>• The general meetings are an important forum to engage with the Unitholders, providing an opportunity for the Unitholders to raise comments and express their views on the performance of the Trust Group with the Directors and the management. Further details on the 2024 AGM and EGM, and proceedings of general meetings are set out in sub-section headed "General Meetings" below.</li></ul>
<b>Enquiries from the Unitholders</b>	<ul style="list-style-type: none"><li>• Unitholders, other stakeholders and members of the public may direct their written enquiries 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 <a href="mailto:enquiry@langhamhospitality.com">enquiry@langhamhospitality.com</a>.</li></ul>

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The Boards have reviewed the implementation of the communication channels and, based on the above, considered the Unitholder Communication Policy has been effectively implemented during the year 2024.

# CORPORATE GOVERNANCE REPORT

## General Meetings

The general meetings of the Trust and the Company provide a principal communication channel between the Unitholders and the Boards.

The 2024 AGM of the Trust and the Company was held on 8 May 2024 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 2023, the audited Financial Statements of the Trustee-Manager for the year ended 31 December 2023, together with their respective Reports of the Directors and the Independent Auditor.
- Re-elected Mr. Lo Chun Him, Alexander as a Non-executive Director and Professor Chan Ka Keung, Ceajer and Mr. Wong Kwai Lam as Independent Non-executive Directors.
- 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").

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 utilised 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 utilisation 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 Utilised Mandate <sup>(Note)</sup>
2019	10/5/2019 to 12/5/2020	23,725,692	1.118
2020	12/5/2020 to 12/5/2021	14,258,483	0.665
2021	12/5/2021 to 12/5/2022	23,330,053	0.722
2022	12/5/2022 to 11/5/2023	33,509,726	1.029
2023	11/5/2023 to 8/5/2024	29,538,995	0.898

Note: This percentage is based on the number of issued Share Stapled Units as at the dates of the relevant AGMs.

An EGM of the Trust and the Company was held on 8 May 2024 at 32nd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong. Approvals were obtained from independent Holders of Share Stapled Units for (i) increasing the original SSU issuance cap for payment of the Hotel Manager's Fees in scrip, incorporating a three-year deferment mechanism, and making corresponding changes to the relevant hotel agreements; (ii) a specific mandate for the allotment and issue of new Share Stapled Units as payment of the outstanding Hotel Manager's Fees for the financial year ended 31 December 2023; and (iii) a specific mandate for the allotment and issue of new Share Stapled Units as payment of the Hotel Manager's Fees for the three financial years ending 31 December 2026.

# CORPORATE GOVERNANCE REPORT

General meetings of the Trust and the Company are held on a combined basis, proceedings of general meetings as summarised 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 21 days prior to the AGM and general meeting where a special resolution is proposed for consideration and (ii) no less than 14 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 transactions 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.

Independent scrutineer will be engaged to ensure all votes at general meetings are properly counted.

Poll results will be made available by way of an announcement, which will be published on our corporate website and the HKEXnews' website 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 one or more member(s) 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 resolutions shall be added to a meeting agenda 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.

### ***Right to Propose 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 seven days before the date of the general meeting.

# CORPORATE GOVERNANCE REPORT

## Distribution Policy

In accordance with the provisions of the Trust Deed, the following distribution policy has been put in place:

- (a) Any declaration and payment of distributions shall be determined at the sole discretion of the Boards with the long-term objective of maximising Unitholder value of the Trust Group.
- (b) The Trust Group aims to provide its Unitholders with a target annual distribution payout of not less than 90% of the distributable income of the Group in any financial year subject to the following factors:
  - 1. the Trust Group's actual and expected cash flow positions and financial performance;
  - 2. projected capital expenditure, future expansion plans and growth opportunities;
  - 3. the Trust Group's debts to equity ratio, return on equity and the relevant financial covenants;
  - 4. general economic conditions, business cycle of the Trust Group's core business;
  - 5. general expectation of Unitholders and investors of the Trust Group; and
  - 6. any other factors that the Boards deem appropriate.

The Boards may declare and make distributions on a semi-annual basis at its discretion. The payment of final distribution is subject to the approval of Unitholders. The Boards may at their sole discretion declare the payment of distributions to Unitholders as they deem appropriate.

The distribution policy and the declaration and/or payment of distributions under this policy are subject to the Boards' continuing determination that this distribution policy and the declaration and/or payment of distribution would be in the best interests of the Trust Group and the Unitholders, and are in compliance with all applicable laws and regulations.

The Boards will continually review the distribution policy and reserve the right in their sole and absolute discretion to update, amend, modify and/or cancel the distribution policy at any time, and the distribution policy shall in no way constitute a legally binding commitment by the Trust Group in respect of its future distribution and/or the obligation of the Trust Group to declare a distribution at any time or from time to time.

## 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 2024.

# CORPORATE GOVERNANCE REPORT

## HOTEL MANAGER AND EMPLOYEES

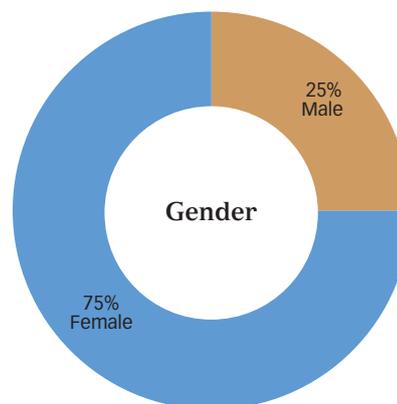
The Trust Group does not manage the daily operations of the Hotels. The Hotel Manager is responsible for the management of and all sales, marketing and advertising activities in relation to the Hotels pursuant to the Hotel Management Agreements. The Hotel Manager has a team of well-experienced operational 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 2023, there is a decrease of 24 headcounts as at 31 December 2024.

A detailed gender composition of the employees of the Hotel Manager and its subsidiaries who were engaged in the operation and management of the Hotels are set out in the “Environmental, Social and Governance Report” on page 41 of this Annual Report.

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 four professional staff members to maintain an effective operation of the Trust Group. The 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 gender ratio of the workforce of the Company is illustrated in the chart below:



# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE ENHANCEMENT

Good corporate governance practice is key to the long-term success of the Trust and the Company in an ever-evolving business landscape. The current corporate governance framework adopted by the Trust and the Company emphasises accountability to all Holders of Share Stapled Units, resolution of conflict of interest issues, transparency in reporting, compliance with relevant regulations and sound operating and investing procedures. The Boards regularly evaluate and look for improvements in the governance approach to respond to changes, and to ensure that it is relevant and aligned with best practices. The Boards believe the effective integration of corporate governance, environmental and social responsibilities could potentially release even greater value. For details of the environmental and social performance, please refer to the “Environmental, Social and Governance Report” in this Annual Report.