

LANGHAM

HOSPITALITY INVESTMENTS

Stock code : 1270



Annual Report 2024



LANGHAM HOSPITALITY INVESTMENTS CORPORATE PROFILE

Langham Hospitality Investments has been established primarily to own and invest in a portfolio of hotels, with an initial focus on completed hotels in Asia. The initial asset portfolio comprises:

The Langham, Hong Kong

Cordis, Hong Kong

Eaton HK

The Langham, Hong Kong and Cordis, Hong Kong are both High Tariff A hotels and Eaton HK is a High Tariff B hotel under the classification set out by Hong Kong Tourism Board, with High Tariff A being the highest category and High Tariff B being the second highest category.

Each of the Hotels is located on the Kowloon peninsula in Hong Kong, a vibrant commercial and leisure hub which offers a variety of activities ranging from shopping, food and beverage, and entertainment to cultural attractions.

The Hotels are also located near well-connected transportation hubs in Hong Kong allowing guests to enjoy access to other leisure and business districts in Hong Kong.



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THE LANGHAM

HONG KONG

The Langham, Hong Kong seeks to provide a unique European-style refined service to its guests. The Langham, Hong Kong is a luxury hotel located close to Canton Road, which has one of the largest concentrations of luxury retailers in Hong Kong and is located in the heart of Tsim Sha Tsui, one of the busiest shopping and leisure destinations in Hong Kong. Apart from the shopping opportunities offered, Tsim Sha Tsui is a cultural hub and The Langham, Hong Kong is located near historical buildings, museums and other tourist attractions, such as the Hong Kong Clock Tower, the Avenue of Stars and the Star Ferry. Tsim Sha Tsui is also a growing commercial hub with large-scale office developments nearby, such as the International Commerce Centre in West Kowloon, underpinning growth in corporate accommodation in the area.

THE LANGHAM, HONG KONG
SEEKS TO PROVIDE
A UNIQUE EUROPEAN-STYLE
REFINED SERVICE TO ITS GUESTS



HKTB RATING **HIGH TARIFF A**

ROOMS **498**

GFA ('000 SQ.FT) **375**

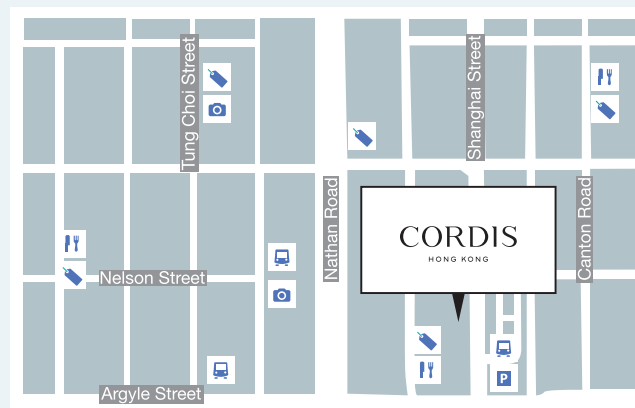


CORDIS

HONG KONG

Cordis, Hong Kong provides a contemporary luxury hotel experience, with sleek and modern design inspired by contemporary Chinese art. Cordis, Hong Kong is a short walk away from famous street markets such as the night market on Temple Street, the Ladies' Market and the Jade Market, and is directly connected to The Langham Place Shopping Mall and Office Tower. Cordis, Hong Kong is the only large scale luxury hotel in the heart of Mongkok and easily accessible by various modes of public transportation, including the MTR. Mongkok attracts many shoppers, both local and overseas, as the location has a plethora of shopping malls, street shops and open bazaar outlets. In addition to retail, Mongkok is an entertainment and commercial centre.

CORDIS, HONG KONG
IS THE ONLY
LARGE-SCALE LUXURY
HOTEL IN THE HEART OF MONGKOK



HKTb RATING	<i>HIGH TARIFF A</i>
ROOMS	<i>669</i>
GFA ('000 SQ.FT)	<i>580</i>





Eaton HK is located on Nathan Road, a popular street in Hong Kong in a famous shopping, entertainment and commercial district. Eaton HK is easily accessible by various modes of public transportation and is located between Jordan and Yau Ma Tei, near the Temple Street Night Market and the Jade Market. The hotel features a newly designed lobby and guestrooms, rooftop swimming pool and yoga studio, gym and juice bar, co-working club, large event spaces, screening room, radio station, and a host of restaurants and bars including Michelin-starred Cantonese restaurant, all-day dining floor and signature food hall with different international eateries.

LOCATED ON NATHAN ROAD, EATON HK'S
DESIGNS ARE AMONGST THE MOST
STYLISH AND TARGETED TO ATTRACT
MILLENNIALS, WHO ARE LOOKING FOR
A THOROUGH EXPERIENCE-BASED STAY.



HKTb RATING	<i>HIGH TARIFF B</i>
ROOMS	<i>465</i>
GFA ('000 SQ.FT)	<i>339</i>

LANGHAM

HOSPITALITY GROUP

The Trust Group comprises a hotel portfolio of three Hong Kong hotels including The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK. These three Hong Kong hotels are managed by the Hotel Manager, Langham Hotels International Limited under Langham Hospitality Group, which is one of the world's most outstanding hotel management companies.

Langham Hospitality Group, a member of the Great Eagle Group, encompasses a family of distinctive hospitality brands which include hotels, restaurants and spas, located on four continents. Langham Hospitality Group currently manages 28 hotels under The Langham Hotels and Resorts, Cordis and Eaton brands, with more than 15 hotel projects currently confirmed and under construction or in a developed stage of negotiations in China, Asia, Middle East, Europe, Australia and North America.

LANGHAM HOTELS AND RESORTS – THE LANGHAM AND LANGHAM PLACE

Langham Hotels and Resorts, is the flagship brand of Langham Hospitality Group, and comprise hotels committed to delivering exceptional experiences across the globe. The Langham name has come to represent hotels that are the epitome of luxury, displaying a passion for genuine service, innovation, captivation of the senses and design. Our hotels are defined by 'The Art of the Stay' through their impeccable service with poise, timeless art & design and by their eclectic sensory experiences. The Langham brand reflects classic luxury, grand and timeless, whereas Langham Place brand represents modern luxury and sophistication.

CORDIS

Cordis, meaning "heart" in latin, is a collection of elegant upscale hotels, with plenty of heart & soul, utterly devoted to your business, personal and family well-being. The service is seamless, devoted, genuine, reliable, thoughtful, anticipatory, passionate and intuitive. The Cordis portfolio will include new built designs, resorts and contemporary residences. The brand will be developed through a combination of new-build and conversion projects in key cities in Asia and North America, with the first hotel to fly the Cordis flag in 2015 in Hong Kong.

EATON

Eaton HK is the physical arm of Eaton Workshop, a new global purpose-driven company and creative lab from Katherine Lo at the intersection of culture, media, hospitality, wellness, and progressive social change. With distinct parts – Hotel, House, Media, Wellness, and Impact, Eaton Workshop transcends the notion of a traditional hotel to provide a physical, digital, and analog platform to artists, activists, healers, and leaders in their pursuit of making the world a better place.

LANGHAM

HOSPITALITY GROUP



Note:

The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK are existing hotel properties owned by the Trust Group. Apart from the said Hotels, the Trust Group does not own any other hotels in the above map.

CORPORATE INFORMATION

TRUST

Langham Hospitality Investments

(a fixed single investment trust constituted pursuant to the Trust Deed under the laws of Hong Kong)

COMPANY

Langham Hospitality Investments Limited

(incorporated in the Cayman Islands with limited liability)

TRUSTEE-MANAGER

LHIL Manager Limited

(as Trustee-Manager of the Trust)

COMPANY AND TRUSTEE-MANAGER BOARDS OF DIRECTORS

LO Ka Shui *(Chairman and Non-executive Director)*

Brett Stephen BUTCHER *(Chief Executive Officer and Executive Director)*

CHAN Ka Keung, Ceajer*

LIN Syaru, Shirley*

LO Chun Him, Alexander[#]

LO Chun Lai, Andrew[#]

WONG Kwai Lam*

[#] Non-executive Directors

* Independent Non-executive Directors

COMPANY AND TRUSTEE-MANAGER AUDIT COMMITTEES

WONG Kwai Lam *(Chairman)*

CHAN Ka Keung, Ceajer

LIN Syaru, Shirley

COMPANY REMUNERATION COMMITTEE

CHAN Ka Keung, Ceajer *(Chairman)*

LO Ka Shui

LIN Syaru, Shirley

WONG Kwai Lam

COMPANY NOMINATION COMMITTEE

LIN Syaru, Shirley *(Chairperson)*

LO Ka Shui

CHAN Ka Keung, Ceajer

WONG Kwai Lam

COMPANY SECRETARY

WONG Mei Ling, Marina

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

Registered Public Interest Entity Auditors

LEGAL ADVISORS

Conyers Dill & Pearman

Johnson Stokes & Master

PRINCIPAL BANKERS

Agricultural Bank of China Limited

Bank of China (Hong Kong) Limited

China Construction Bank (Asia) Corporation Limited

Chong Hing Bank Limited

DBS Bank Ltd.

Hang Seng Bank, Limited

Industrial Bank Co., Ltd.

Overseas-Chinese Banking Corporation Limited

Sumitomo Mitsui Banking Corporation

The Hongkong and Shanghai Banking Corporation Limited

CORPORATE INFORMATION

COMPANY REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

COMPANY PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2702, 27th Floor
Great Eagle Centre
23 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2186 2500
Fax: (852) 2186 9867

COMPANY PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

COMPANY HONG KONG BRANCH SHARE REGISTRAR AND SHARE STAPLED UNITS REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

WEBSITE

www.langhamhospitality.com

INVESTORS ENQUIRIES

For enquiries from investors or Holders of Share Stapled Units, please email to enquiry@langhamhospitality.com

HKEX STOCK CODE

1270

FINANCIAL CALENDAR

Event	Date
2024 Interim Results Announcement	15 August 2024
2024 Annual Results Announcement	13 February 2025
Closure of Registers for ascertaining the entitlement to attend and vote at the 2025 Annual General Meeting	6 May 2025 – 9 May 2025 <i>(both days inclusive)</i>
2025 Annual General Meeting	9 May 2025
Ex-distribution Date	14 May 2025
Closure of Registers for ascertaining the entitlement to the proposed 2024 Final Distribution	16 May 2025 – 21 May 2025 <i>(both days inclusive)</i>
Record Date for 2024 Final Distribution	21 May 2025
Payment of 2024 Final Distribution of HK\$1.6 cents per SSU	4 June 2025

DISTRIBUTION NOTICE

FINAL DISTRIBUTION

The Trustee-Manager Board has recommended the payment of a final distribution of HK\$1.6 cents per Share Stapled Unit (2023: Nil) for the year ended 31 December 2024 to Holders of Share Stapled Units whose names appear on the Share Stapled Units Register on 21 May 2025. Subject to the approval of the Holders of Share Stapled Units at the 2025 AGM, the payment of the final distribution will be made on 4 June 2025. Since no interim dividend was made for the six-month ended 30 June 2024 (2023: Nil), distribution per Share Stapled Unit for the year was HK\$1.6 cents. Based on the closing Share Stapled Unit price of HK\$0.475 as at 31 December 2024, total Distribution per Share Stapled Unit is equivalent to a distribution yield of 3.4%.

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

CLOSURE OF REGISTERS

The Share Stapled Units Register, the register of holders of units, the principal and Hong Kong branch registers of members, and the register of beneficial interests as established and maintained by the Trustee-Manager and the Company in accordance with the provisions of the Trust Deed (collectively, the "Registers") will all be closed and no transfer of Share Stapled Units will be registered during the following periods:

(i) To attend and vote at the 2025 AGM

For the purpose of ascertaining the entitlement of Holders of Share Stapled Units to attend and vote at the 2025 AGM, the Registers will be closed from Tuesday, 6 May 2025 to Friday, 9 May 2025, both days inclusive.

In order to be eligible to attend and vote at the 2025 AGM, all properly completed transfer forms accompanied by the relevant Share Stapled Units certificates must be lodged with the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 May 2025.

(ii) To qualify for the proposed 2024 final distribution

For the purpose of ascertaining the entitlement of Holders of Share Stapled Units to the proposed 2024 final distribution, the Registers will be closed from Friday, 16 May 2025 to Wednesday, 21 May 2025, both days inclusive.

In order to qualify for the proposed 2024 final distribution, all properly completed transfer forms accompanied by the relevant Share Stapled Units certificates must be lodged with the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 15 May 2025.

FINANCIAL HIGHLIGHTS

(in HK\$ million, unless otherwise specified)	2024	2023	Change
Revenue of hotel portfolio	1,587.7	1,618.8	-1.9%
Total rental income for the Trust Group after netting service fees	401.8	514.0	-21.8%
Profit attributable to Holders of Share Stapled Units excluding fair value changes on investment properties and derivative financial instruments, and change related to settlement arrangement of hotel management fees and licence fee ("Hotel Manager's Fees")	50.5	224.1	-77.5%
Distributable income	113.0	297.6	-62.0%
Interim distribution per Share Stapled Unit	–	–	–
Final distribution per Share Stapled Unit	HK\$1.6 cents	–	n.m.
Annual distribution per Share Stapled Unit	HK\$1.6 cents	–	n.m.

As at	31 Dec 2024	30 Jun 2024	31 Dec 2023
Gross value of hotel portfolio (in HK\$ million)	15,895	15,725	15,662
Net asset value per Share Stapled Unit	HK\$2.77	HK\$2.75	HK\$2.77
Gearing ratio	38.2%	38.1%	38.3%

CHAIRMAN'S STATEMENT



In 2024, Hong Kong saw a notable resurgence in tourism, welcoming 44.5 million visitor arrivals – a 30.9% increase compared to the previous year. Despite this encouraging growth, this figure still falls short of pre-pandemic benchmarks, with 65.1 million visitor arrivals in 2018 and 55.9 million in 2019.

CHAIRMAN'S STATEMENT

The surge in visitor arrivals in 2024 was fueled by robust performance in Southeast Asian markets, with an increase of 40.9%, long-haul visitors increasing 53.2%, and mainland China visitors rising by 27.2%. Mainland China still accounted for 67.4% of the total 21.9 million overnight visitors, with short-haul visitors making up 22.3% and long-haul visitors 10.3%. However, the appreciation of the Hong Kong dollar against the Chinese yuan negatively impacted tourist spending from mainland China. Furthermore, the number of total overnight visitors only reached 75% of the 2018 figures.

Throughout the year, our hotel portfolio (the "Hotels") encountered a challenging operating environment marked by economic uncertainty, shifting traveler demographics, and evolving consumer behaviors. Additionally, there was an increasing trend among locals to explore food and beverage offerings in cities within the Greater Bay Area outside Hong Kong. These factors necessitated strategic adjustments in our service offerings and marketing strategies to effectively address the changing demands of our clientele.

Due to the intense competition among upscale and luxury hotels in Hong Kong, our hotel portfolio, particularly The Langham, Hong Kong, has been significantly impacted by the ongoing price war. Notably, The Langham, Hong Kong had a reduction in its average room rate of nearly 10% brought about by fierce competition in the Tsim Sha Tsui district. Meanwhile, Cordis, Hong Kong and Eaton HK managed to keep their average room rates stable. Overall, those Hotels achieved a 2.8 percentage points increase in occupancy, reaching an average of 90.9%. However, this was accompanied by a 4.4% decrease in the average room rate, resulting in a 1.4% year-over-year decline in revenue per available room ("RevPAR") to HK\$1,434 per night.

This year, the food and beverage ("F&B") business saw a slight decline, with revenue dropping 3.6% year-over-year. This decline was primarily driven by shifts in consumption patterns for restaurant goers and a less busy wedding year. Additionally, the drop in both rooms and F&B revenue further exacerbated at the bottom line due to rising labor expenses, higher commission levels to online travel agencies and increased laundry costs. As a result, the Hotels' aggregate gross operating profit before the global marketing fee decreased by 3.3%, or HK\$17.4 million, to HK\$509.0 million.

With the approval of the independent Holders of Share Stapled Units, the profit-sharing percentage of the Hotels' aggregate gross operating profit before global marketing fee under the Master Lease Agreements was reduced from 70% to 50% starting 1 January 2024, while the guaranteed base rent remained unchanged. This adjustment was based on an assessment conducted by an independent valuer. To put things in context, in the 10 years between 2013 and 2023, the Trust Group earned HK\$854.1 million more, and conversely, GE (LHIL) Lessee Limited (the "Master Lessee") lost HK\$854.1 million, in rental income from the Master Lease Agreements than it would have without them.

In 2024, we earned a total of HK\$479.5 million in rental income under the Master Lease Agreements, including HK\$225.0 million in base rent and HK\$254.5 in variable rent, which made up 94.2% of the Hotels' aggregate gross operating profit before global marketing fee. Overall, total rental income after accounting for service fees expenses declined by 21.8% to HK\$401.8 million in 2024.

In December 2024, the Trust Group successfully refinanced its bank loan, benefiting from an oversubscription by numerous highly reputable banks. This new loan, maturing in December 2027, effectively mitigates the Trust Group's refinancing risks in the medium term. Additionally, the loan is sustainability-linked, offering the Trust Group minor interest rate reductions upon meeting greenhouse gas emission reduction targets. This aligns with the Trust Group's commitment to environmental sustainability.

CHAIRMAN'S STATEMENT

The total finance costs in 2024 had increased by HK\$75.1 million, or 30.4%, primarily driven by a decrease in realised gains from interest rate swaps which had lapsed in December 2023. However, the impact of persistent high interest rates was slightly mitigated by a reduction in the average outstanding loan balance for the year. Interest expenses on bank borrowings increased slightly by 1.8%, or HK\$5.6 million.

Net Property Income for the year was HK\$381.0 million, representing a decrease of 23.0% over the last year, primarily due to the changes in profit-sharing percentage in variable rent pursuant to the rent review exercise under the Master Lease Agreements. After adjusting for non-cash items, total distribution income amounted to HK\$113.0 million for 2024.

In view of the Hotels' uncertain future business environment and the persistent high-interest rates, the Boards decided to reserve more funds for operations and conservative capital management. Hence, the Trustee-Manager Board recommended the payment of a final distribution of HK1.6 cents per Share Stapled Unit for the year ended 31 December 2024, representing a payout ratio of 48%, to Holders of Share Stapled Units.

OUTLOOK

The prolonged geopolitical tensions in the Middle East and Ukraine, combined with the ongoing trade conflicts between the United States and China, have created significant uncertainty in the global economy. In 2025, this uncertainty will be exacerbated by inflationary trends in most markets, high interest rates, and airline capacity constraints into Hong Kong. These factors along with growing trend of locals traveling to the Greater Bay Area cities outside Hong Kong for competitive dining options, are expected to continue impacting the hospitality and tourism industries in Hong Kong.

Nevertheless, the completion of the Kai Tak Sports Park and the anticipated completion of several infrastructure projects and the development of new attractions, such as the East Kowloon Cultural Centre, SkyCity, and South Lantau Eco-Recreation Corridor, are expected to bolster the hotel sector. Additionally, major events and festivals planned for 2025 are anticipated to attract an influx of tourists.

Overall, the hotel sector is still well below the high-water mark set in 2018 due to average room rates not yet returning to previous levels. Meanwhile, expenses have increased due to a 9% rise in the Consumer Price Index (CPI) over the same period. Especially, the frontline labor cost of the Hotels have increased by approximately 23% from 2018 to 2024. These combined issues have put pressure on margins and, in turn, profitability. This phenomenon is expected to continue into 2025, especially with all the geopolitical conflicts and potential trade wars.

At the same time, to enhance the profitability of the Hotels in the current business environment, we are prioritising expense reductions where feasible and implementing more efficient operating models across our accommodation and food and beverage services. However, interest rates trends are somewhat unpredictable at this time. The short-term outlook for the Hong Kong hotel industry remains uncertain, although we are continuously optimistic for the longer term.

On behalf of the Board, I would like to express my sincere gratitude to the Hotel teams and staff of the Trustee-Manager and the Trust Group for their dedication and extend my sincere thanks to our Unitholders for their continued support.



LO Ka Shui
Chairman

CEO'S REVIEW

As the Hotels of the Trust Group are leased to the Master Lessee, an indirect wholly-owned subsidiary of Great Eagle Holdings Limited, the Trust Group receives rent in the form of a pre-determined fixed rental income (pro-rata at HK\$225.0 million per annum) and a variable rent calculated at 50% of the Hotels' aggregate gross operating profit before deduction of the global marketing fee. In addition to the fixed and variable rental income from the Master Lessee, the Trust Group also receives rental income directly from the retail shops located at Eaton HK, which are leased to independent third parties.

In 2024, the Trust Group maintained a steady stream of fixed rental income, amounting to HK\$225.0 million and earned HK\$254.5 million of variable rent. The total rent received from the Master Lessee of HK\$479.5 million represented 94.2% of the Hotels' aggregate gross operating profit before global marketing fee. Combined with a modest rental income from the retail shops at Eaton HK of HK\$1.7 million, total rental income received by the Trust Group before service fees was HK\$481.2 million in 2024, representing a decline of 19.2% year-on-year.

After netting off HK\$79.4 million in service fees incurred, total rental income was HK\$401.8 million, representing a year-on-year decline of 21.8%.

(in HK\$ million)	2024	2023	Change
Fixed rental income	225.0	225.0	–
Variable rental income	254.5	368.5	-30.9%
Rental income from retail shops	1.7	1.7	–
Total rental income before service fees	481.2	595.2	-19.2%
Service fees expenses	(79.4)	(81.2)	-2.2%
Total rental income for the Trust Group	401.8	514.0	-21.8%

Total service fees comprise: i) hotel management fees; ii) licence fee; and iii) global marketing fee paid to the hotel management companies. Hotel management fees comprise a base management fee, which is calculated at 1.5% of total hotel revenue, and an incentive fee of 5.0% of the adjusted gross operating profit of the relevant hotels. The licence fee is calculated based on 1.0% of the total revenue of the relevant hotel, and the global marketing fee is calculated at 2.0% of total room revenue of the relevant hotel. It should be noted that the global marketing fee is paid in cash

while Hotel Manager's Fees can be elected to be paid in the form of Share Stapled Units, cash or a combination of both by the Hotel Manager. The Hotel Manager has elected to be paid wholly in the form of Share Stapled Units for the payment of Hotel Manager's Fees for the year ended 31 December 2024. In addition, the allotment and issue of such Share Stapled Units can be done within three years from the payment deadline day as long as the public float requirement of the Listing Rules could be satisfied.

CEO'S REVIEW

In 2024, the operating performance of the Hotels showed a slight decline compared to the previous year. Consequently, hotel management fees decreased by 2.7% to HK\$46.4 million, licence fees dropped by 1.9% to HK\$15.9 million, and the global

marketing fee declined by 1.2% to HK\$17.1 million. Overall, the total service fees payable to the hotel management companies in 2024 decreased by 2.2% year-on-year, amounting to HK\$79.4 million.

(in HK\$ million)	2024	2023	Change
Hotel management fees	46.4	47.7	-2.7%
Licence fee	15.9	16.2	-1.9%
Global marketing fee	17.1	17.3	-1.2%
Total service fees	79.4	81.2	-2.2%

Hotel property related expenses increased by 7.8% year-on-year to HK\$20.8 million in 2024, attributed mainly to rising insurance premiums, government rent and rates, and

warehouse licence fee. Overall, the net property income of the Trust Group came to HK\$381.0 million for 2024, representing a 23.0% year-on-year decrease.

(in HK\$ million)	2024	2023	Change
Total rental income after service fees	401.8	514.0	-21.8%
Hotel property related expenses	(20.8)	(19.3)	7.8%
Net property income	381.0	494.7	-23.0%

In 2024, total finance costs rose to HK\$322.2 million, marking a 30.4% increase from the previous year. The main factor behind this surge was a significant 91.9% drop in net interest income from interest rate swaps, which fell by HK\$71.3 million. These changes were mainly due to the expiration of several swap contracts in December 2023, leading to less favorable swap arrangements. However, our continuing swaps still generated a net interest gain of HK\$6.3 million in 2024, partially mitigating the impact of persistent high HIBOR.

Furthermore, the amortisation of the underwriting and loan extension fees, totaling HK\$9.6 million represented additional finance costs in 2024. The underwriting fee in relation to refinancing, amounting to HK\$40.8 million was paid in full in December 2024, which is spread over the three years leading up to December 2027.

CEO'S REVIEW

The total notional amount of interest rate swap contracts used to hedge the existing floating rate loans as at 31 December 2024, was HK\$1,500.0 million, representing 24.2% of our outstanding borrowing (before accounting for the underwriting fee). The Trust Group will continue

to remain vigilant and closely monitor the interest rate movements and, depending on market conditions, may consider further mitigating its interest rate exposure on the remaining bank debts by swapping part of them from floating to fixed rates when appropriate.

(in HK\$ million)	2024	2023	Change
Breakdown of finance costs			
Interest expense on bank borrowings	(318.1)	(312.5)	1.8%
Net interest on interest rate swaps	6.3	77.6	-91.9%
Underwriting/loan extension/front-end fees amortisation	(9.6)	(11.1)	-13.5%
Other borrowing costs	(0.8)	(1.1)	-27.3%
Total finance costs	(322.2)	(247.1)	30.4%

Net profit after tax for 2024 was HK\$231.7 million, a decline of 78.6% from 2023. The vast majority of this difference was due to much larger increase in the fair value of investment properties in 2023 of HK\$926.3 million versus a more muted increase in 2024 of HK\$186.5 million.

Excluding the fair value changes of investment properties and derivative financial instruments and change related to settlement arrangement of Hotel Manager's Fees, the

net profit after tax stands at HK\$50.5 million, down 77.5% year-on-year. Change related to settlement arrangement of the Hotel Manager's Fees of HK\$14.6 million is recorded in 2024, which represents the difference between the issue of 55,432,596 new Share Stapled Units at HK\$0.646 per unit determined on 4 March 2024 ("New SSUs") and the closing price of HK\$0.910 per unit on 8 May 2024, the day before the actual allotment and issue of the New SSUs due to the deferral in allotment and issue of the New SSUs.

(in HK\$ million)	2024	2023	Change
Net property income	381.0	494.7	-23.0%
Interest and other income	5.4	9.9	-45.5%
Increase in fair value of investment properties (hotel portfolio)	186.5	926.3	-79.9%
Change in fair value of derivative financial instruments (interest rate swaps)	9.3	(70.1)	n.m.
Change related to settlement arrangement of Hotel Manager's Fees	(14.6)	—	n.m.
Administrative and other expenses	(15.7)	(13.9)	12.9%
Finance costs	(322.2)	(247.1)	30.4%
Profit before tax	229.7	1,099.8	-79.1%
Income tax credit (expense)	2.0	(19.5)	n.m.
Profit attributable to Holders of Share Stapled Units	231.7	1,080.3	-78.6%
Profit attributable to Holders of Share Stapled Units excluding fair value changes on investment properties, and derivative financial instruments, and change related to settlement arrangement of Hotel Manager's Fees	50.5	224.1	-77.5%

CEO'S REVIEW

To derive the Trust Group's distributable income, profit attributable to Holders of Share Stapled Units was adjusted for the non-cash items. Items adjusted included increase in fair value of investment properties, change in fair value of the derivative financial instruments, change related to settlement arrangement of Hotel Manager's Fees, Hotel Manager's Fees being paid in form of Share Stapled Units,

underwriting/loan extension/front-end fees amortisation, deferred tax, depreciation and the cash contribution to furniture, fixtures and equipment reserve.

After adjusting for these non-cash items, total distributable income amounted to HK\$113.0 million for the year ended 31 December 2024.

(in HK\$ million)	2024	2023	Change
Profit attributable to Holders of Share Stapled Units	231.7	1,080.3	-78.6%
Adjustments:			
Increase in fair value of investment properties	(186.5)	(926.3)	-79.9%
Change in fair value of derivative financial instruments	(9.3)	70.1	n.m.
Change related to settlement arrangement of Hotel Manager's Fees	14.6	–	n.m.
Hotel Manager's Fees payable in form of Share Stapled Units	62.3	63.9	-2.5%
Underwriting/loan extension/front-end fees amortisation	9.6	11.1	-13.5%
Deferred tax	13.3	21.7	-38.7%
Depreciation	1.1	1.1	–
Reserve for furniture, fixtures and equipment	(23.8)	(24.3)	-2.1%
Distributable income	113.0	297.6	-62.0%
Final distributable Income	54.3	–	n.m.
Final distribution per Share Stapled Unit	HK1.6 cents	–	n.m.

A final distribution of HK1.6 cents per Share Stapled Unit was recommended to distribute to the Holders of Share Stapled Units. In comparison, no final distributable income was declared in the previous year.

CEO'S REVIEW

Hotel Performances

Revenue breakdown (in HK\$ million)	The Langham, Hong Kong	Cordis, Hong Kong	Eaton HK	Total
Rooms	318.7	366.2	170.7	855.6
Food & Beverage	204.7	289.0	196.1	689.8
Others	8.8	15.0	18.5	42.3
Total revenue	532.2	670.2	385.3	1,587.7

Year-on-year change	The Langham, Hong Kong	Cordis, Hong Kong	Eaton HK	Total
Rooms	-7.1%	2.3%	4.1%	-1.1%
Food & Beverage	-8.8%	1.7%	-5.1%	-3.6%
Others	-3.3%	19.0%	10.1%	9.9%
Total revenue	-7.7%	2.4%	-0.6%	-1.9%

	Average Daily Rooms Available		Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)	
	2024	2023	2024	2023	2024	2023	2024	2023
The Langham, Hong Kong	498	498	89.3%	86.9%	1,957	2,173	1,748	1,887
<i>year-on-year growth</i>			<i>+2.4 ppt</i>		<i>-9.9%</i>		<i>-7.4%</i>	
Cordis, Hong Kong	667	667	92.6%	89.8%	1,619	1,638	1,500	1,471
<i>year-on-year growth</i>			<i>+2.8 ppt</i>		<i>-1.2%</i>		<i>+2.0%</i>	
Eaton HK	465	465	90.0%	87.0%	1,114	1,110	1,003	966
<i>year-on-year growth</i>			<i>+3.0 ppt</i>		<i>+0.4%</i>		<i>+3.8%</i>	
Hotel Portfolio	1,630	1,630	90.9%	88.1%	1,578	1,650	1,434	1,454
<i>year-on-year growth</i>			<i>+2.8 ppt</i>		<i>-4.4%</i>		<i>-1.4%</i>	

Hong Kong Hotel Markets	Occupancy		Average Room Rate (in HK\$)		RevPAR (in HK\$)	
	2024	2023	2024	2023	2024	2023
High Tariff A	79.0%	76.0%	2,238	2,347	1,768	1,784
<i>year-on-year growth</i>	<i>+3.0 ppt</i>		<i>-4.6%</i>		<i>-0.9%</i>	
High Tariff B	86.0%	84.0%	1,052	1,098	905	922
<i>year-on-year growth</i>	<i>+2.0 ppt</i>		<i>-4.2%</i>		<i>-1.8%</i>	
All Hotels	85.0%	82.0%	1,332	1,392	1,132	1,141
<i>year-on-year growth</i>	<i>+3.0 ppt</i>		<i>-4.3%</i>		<i>-0.8%</i>	

Comparing our hotels to the broader Hong Kong market, The Langham, Hong Kong's RevPAR decreased by 7.4% in 2024 as compared to the previous year, surpassing the High Tariff A market's decline of 0.9%. Conversely, Cordis, Hong Kong outperformed the High Tariff A market with a 2.0% increase in RevPAR. Both hotels maintained robust occupancy rates, averaging over 90% well exceeding the market average of 79.0%. Meanwhile, Eaton HK outperformed its High Tariff B market segment with a 3.8% increase in RevPAR in 2024, while the market experienced a decline of 1.8%.

CEO'S REVIEW

Performance of the individual hotels

The Langham, Hong Kong enjoyed a robust start in the first two months of 2024, driven by a strong influx of Mainland China tourists seeking luxury hotel accommodation in the Tsim Sha Tsui district, due to the less-impeded business environment compared to the same period of the previous year. However, demand softened from March onwards causing luxury hotels in the vicinity to reduce their rates to maintain occupancy. In light of the fierce competition, the hotel also reduced its average room rates to remain competitive.

In 2024, the hotel achieved a 2.4 percentage points increase in occupancy, reaching 89.3%. However, the average room rate decreased by 9.9% year-over-year to HK\$1,957 per night. As a result, RevPAR saw a decline of 7.4%, settling at HK\$1,748 per night, all due to the reduction in the average room rate.

F&B revenue experienced a decline of 8.8% in 2024, primarily due the shifts in consumption patterns and the closure of a fine dining outlet during the year. Despite these challenges, the high-quality offerings at The Langham and effective promotional strategies played a crucial role in mitigating the impact. These efforts ensured that our guests continued to enjoy exceptional dining experiences, helping to cushion the overall decline in revenue.

Overall, total revenue decreased by 7.7% in 2024 compared to 2023.

Cordis, Hong Kong showcased a good performance in both accommodation and F&B businesses in the first quarter of this year, achieving over 50% growth in RevPAR and nearly a 30% increase in F&B revenue. However, starting from March, the hotel encountered challenges due to shifts in traveller demographics and new consumer behaviours, along with a growing preference among locals to explore the Greater Bay Area outside Hong Kong

for dining alternatives. By strategically adjusting market strategies, the hotel managed to increase occupancy by 2.8 percentage points to 92.6% and achieved a 2.0% year-on-year increase in RevPAR, reaching HK\$1,500 per night.

The 1.7% year-on-year increase in F&B revenue was primarily driven by growth in the banquet and all-day dining segments, which was partially offset by declines in the Chinese restaurant and bar segments. The rise in banquet business reflects steady demand for meetings, corporate events while wedding business was more muted during 2024.

Overall, total revenue increased by 2.4% year-on-year.

Eaton HK experienced a notable surge in its accommodation business, with RevPAR showing over 50% year-on-year growth in the first quarter of 2024. However, this momentum slowed from March onwards. Despite the deceleration, the hotel remained agile in rate management and implemented targeted promotional campaigns. This focused approach resulted in a 3.0 percentage points increase in occupancy, reaching 90.0%, and a 3.8% rise in RevPAR, achieving HK\$1,003 per night.

Shifts in consumer behaviours and the emerging trend of locals dining in Greater Bay Area cities outside Hong Kong significantly impacted the hotel's buffet and bar businesses. Additionally, the banquet segment faced a downturn due to a decrease in wedding events this year. These declines were partially offset by increased patronage at Yat Tung Heen, our Michelin-starred Chinese restaurant. Despite some positive performance, overall F&B revenue still declined by 5.1%.

The hotel's overall revenue flatlined with 2023 with a minimal decrease of 0.6%.

CEO'S REVIEW

FINANCIAL REVIEW

Net Assets Attributable to Holders of Share Stapled Units

Net Assets Attributable to Holders of Share Stapled Units were HK\$9,502.4 million or HK\$2.77 per Share Stapled Unit as at 31 December 2024 (31 December 2023: HK\$9,190.7 million or HK\$2.77 per Share Stapled Unit).

Debt Profile

Total outstanding borrowings, before accounting for the underwriting fee (31 December 2023: loan extension fee), of the Trust Group as at 31 December 2024 were HK\$6,204.6 million (31 December 2023: HK\$6,059.1 million). The secured term loans of HK\$6,201.6 million (31 December 2023: HK\$5,706.2 million) were on a floating-rate interest basis and repayable in full in 2027 (31 December 2023: 2024). The secured revolving loans facilities as at 31 December 2024 was HK\$598.4 million (31 December 2023: HK\$541.4 million). The secured revolving loans drawn down of HK\$3.0 million repaid in early 2025. As at 31 December 2023, the secured revolving loans drawn down of HK\$352.9 million could be revolved on a monthly basis until 2024.

To mitigate the interest rate exposure, the Trust Group engaged in several interest rate swap transactions with a bank, swapping a certain proportion of the outstanding bank borrowings from floating rates to fixed rates. As at 31 December 2024, the total notional amount of the interest rate swap transactions was HK\$1,500.0 million (31 December 2023: HK\$1,500.0 million). Hence, out of total outstanding bank loans (before accounting for the underwriting/loan extension fees) of HK\$6,204.6 million (31 December 2023: HK\$6,059.1 million), 24.2% (31 December 2023: 24.8%) was fixed at a weighted average swap rate of 3.99% per annum (31 December 2023: 3.99% per annum).

The Trust Group will continue to monitor interest rate movements and may, depending on market conditions, consider further mitigating its interest rate exposure on part of the remaining bank debt by swapping from floating to fixed rates when appropriate.

As at 31 December 2024, the total gross assets of the Trust Group were HK\$16,238.3 million (31 December 2023: HK\$15,835.0 million). The gearing ratio, calculated as total outstanding borrowings as a percentage of total gross assets, was 38.2% (31 December 2023: 38.3%).

Cash Position

As at 31 December 2024, the Trust Group had a cash balance of HK\$293.4 million (31 December 2023: HK\$122.5 million) to satisfy a portion of asset enhancement of the Hotels, as well as its working capital and operating requirements.

In addition, the Trust Group had unused revolving loans amounting to HK\$595.4 million as of 31 December 2024 (31 December 2023: HK\$188.5 million).

Pledge of Assets

As at 31 December 2024, all investment properties (31 December 2023: all investment properties) of the Trust Group, together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from the properties, are pledged to secure the term and revolving loan facilities granted to the Trust Group.

Commitments

As of 31 December 2024, the Trust Group had no authorised capital expenditures for investment properties. In contrast, as of 31 December 2023, the Trust Group had authorised capital expenditures for investment properties totaling HK\$15.7 million, of which HK\$14.2 million was contracted for but not provided for in the consolidated financial statements.

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



Brett Stephen BUTCHER
Chief Executive Officer

BIOGRAPHICAL DETAILS OF DIRECTORS, OFFICERS AND MANAGEMENT

DIRECTORS

Dr. LO Ka Shui

Chairman and Non-Executive Director

Dr. LO Ka Shui, aged 78, has been Chairman and Non-executive Director of the Trustee-Manager and the Company since 2013. He is a Member of both the Company's Remuneration Committee and Nomination Committee and is also a Director of all subsidiaries of the Company. Dr. Lo is Chairman and Managing Director of Great Eagle Holdings Limited, and Chairman and Non-executive Director of the Manager of the publicly-listed trust, Champion Real Estate Investment Trust. He is also Vice President of The Real Estate Developers Association of Hong Kong and a member of The Hong Kong Centre for Economic Research's Board of Trustees. Dr. Lo was formerly Director of Hong Kong Exchanges and Clearing Limited; Chairman of the Listing Committee for the Main Board and Growth Enterprise Market; a Member of the Exchange Fund Advisory Committee of the Hong Kong Monetary Authority; Chairman of The Chamber of Hong Kong Listed Companies; Chairman of the Hospital Authority of Hong Kong; a Board Member of the Airport Authority Hong Kong; and a Member of the University Grants Committee of Hong Kong.

Dr. Lo graduated from McGill University with a Bachelor of Science Degree and obtained a Doctor of Medicine (M.D.) Degree from Cornell University, and was certified in Internal Medicine and Cardiovascular Disease at University of Michigan Hospitals. He has over four decades of experience in property and hotel development and investment both in Hong Kong and overseas. Dr. Lo is the father of Mr. Lo Chun Him, Alexander and an uncle to Mr. Lo Chun Lai, Andrew, both Non-executive Directors of the Trustee-Manager and the Company.

Mr. Brett Stephen BUTCHER

Chief Executive Officer and Executive Director

Mr. Brett Stephen BUTCHER, aged 65, has been the Chief Executive Officer and Executive Director of the Trustee-Manager and the Company since April 2019. He is also a Director of all subsidiaries of the Company. Mr. Butcher has over 40 years' extensive hotel business experience in both hotel operations and sales and marketing in Asia, the Pacific and North America. He is currently the Executive Advisor of the hotel asset management arm of Great Eagle Holdings Limited. Mr. Butcher was also the former Chief Executive Officer of Langham Hospitality Group overseeing all aspects of management and brands for the Langham Hospitality Group's global portfolio of hotels, resorts and residences. Mr. Butcher holds a Bachelor's Degree in Business (Hospitality Management) from University of Queensland Lawes Campus.

BIOGRAPHICAL DETAILS OF DIRECTORS, OFFICERS AND MANAGEMENT

Professor CHAN Ka Keung, Ceajer

Independent Non-executive Director

Professor CHAN Ka Keung, Ceajer, aged 68, has been an Independent Non-executive Director of the Trustee-Manager and the Company since August 2018. He is the Chairman of the Company's Remuneration Committee, a Member of the Company's Nomination Committee and a Member of the Audit Committees of the Trustee-Manager and the Company. Professor Chan holds an Honorary Doctoral Degree from The Hong Kong University of Science and Technology ("HKUST"). Professor Chan is an Adjunct Professor and a Senior Advisor to the Dean at HKUST Business School. He was appointed as the Secretary for Financial Services and the Treasury of the Government of the Hong Kong Special Administrative Region from July 2007 to June 2017. Prior to that, he was Dean of Business and Management in HKUST. Before joining the HKUST Business School in 1993, Professor Chan had spent nine years teaching at Ohio State University in the United States. Professor Chan is currently a Director of the One Country and Two Systems Research Institute. Professor Chan is an Independent Non-executive Director of the Manager of Champion Real Estate Investment Trust, China Overseas Land & Investment Limited, Guotai Junan International Holdings Limited and NWS Holdings Limited (all listed in Hong Kong). He is an Independent Non-executive Director of Greater Bay Area Homeland Investments Limited. He is also the Chairman of WeLab Bank Limited and a Senior Advisor to WeLab Holdings Limited. Professor Chan was an Independent Non-executive Director of USPACE Technology Group Limited (listed in Hong Kong).

Professor Chan received his Bachelor's Degree in Economics from Wesleyan University and both of his M.B.A. and Ph.D. in Finance from The University of Chicago. He specialised in assets pricing, evaluation of trading strategies and market efficiency and has published numerous articles on these topics.

Professor LIN Syaru, Shirley

Independent Non-executive Director

Professor LIN Syaru, Shirley, aged 56, has been an Independent Non-executive Director of the Trustee-Manager and the Company since 2013. She is the Chairperson of the Company's Nomination Committee, a Member of the Company's Remuneration Committee and a Member of the Audit Committees of the Trustee-Manager and the Company. Previously, she was a Partner at Goldman Sachs, where she led the firm's efforts in private equity and venture capital in Asia. In addition, Professor Lin was involved in the privatisation of state-owned enterprises in Mainland China, Singapore and Taiwan. She has served on the boards of numerous private and public companies. Professor Lin is currently an Independent Non-executive Director of Goldman Sachs Asia Bank Limited, a restricted licence bank in Hong Kong and TE Connectivity Ltd., a NYSE-listed company based in Dublin, and an Independent Director of MediaTek Inc., a company listed in Taiwan. She currently serves on the board of the Focused Ultrasound Foundation in the U.S. and is the Founder of the Focused Ultrasound Hong Kong Foundation.

Professor Lin is Research Professor at the Miller Center of Public Affairs at the University of Virginia and a Non-resident Senior Fellow in the Foreign Policy Program at the Brookings Institution. She is also a faculty member at the Chinese University of Hong Kong and chairs the Center for Asia-Pacific Resilience and Innovation. Her book on cross-Strait economic policy focusing on the semiconductor industry was published by Stanford University Press in 2016. She is currently working on the challenges facing the advanced economies in East Asia that have entered the high-income trap. Her commentary frequently appears in English and Chinese media. She received her Master's Degree in International and Public Affairs with distinction and her Ph.D. in Politics and Public Administration from the University of Hong Kong and her A.B. from Harvard College, *cum laude*.

BIOGRAPHICAL DETAILS OF DIRECTORS, OFFICERS AND MANAGEMENT

Mr. LO Chun Him, Alexander

Non-executive Director

Mr. LO Chun Him, Alexander, aged 39, has been a Non-executive Director of the Trustee-Manager and the Company since February 2017. He is also a Director of all subsidiaries of the Company. Mr. Lo is an Executive Director of Great Eagle Holdings Limited, which is listed on the Main Board of the Stock Exchange. Prior to joining the Great Eagle Group in 2010, he had worked at Citibank's investment banking division with a focus on Hong Kong's market. Mr. Lo is also a member of the Executive Committee of The Real Estate Developers Association of Hong Kong and a member of the Management Committee of The Federation of Hong Kong Hotel Owners Limited. He graduated from Washington University in St. Louis with a Bachelor of Arts in Psychology. Mr. Lo is a son of Dr. Lo Ka Shui, being the Chairman and Non-executive Director of the Trustee-Manager and the Company. He is also a cousin of Mr. LO Chun Lai, Andrew, being a Non-executive Director of the Trustee-Manager and the Company.

Mr. LO Chun Lai, Andrew

Non-executive Director

Mr. LO Chun Lai, Andrew, aged 36, has been a Non-executive Director of the Trustee-Manager and the Company since October 2020. He is currently the Managing Director – Hospitality Asset Management of Langham Hospitality Group ("LHG") overseeing the management of all hotel assets of Great Eagle Holdings Limited worldwide.

Prior to joining LHG in 2013, he held positions at Horwath HTL and Mandarin Oriental. He graduated from Stanford University with a Bachelor of Arts in International Relations and from Columbia University in New York with a Master of Science in Real Estate Development. He also holds a certificate in Hotel Real Estate Investments and Asset Management from Cornell University. Mr. Lo is a nephew of Dr. Lo Ka Shui, being the Chairman and Non-executive Director of the Trustee-Manager and the Company. He is also a cousin of Mr. LO Chun Him, Alexander, being a Non-executive Director of the Trustee-Manager and the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS, OFFICERS AND MANAGEMENT

Mr. WONG Kwai Lam

Independent Non-executive Director

Mr. WONG Kwai Lam, aged 75, has been an Independent Non-executive Director of the Trustee-Manager and the Company since 2013. He is the Chairman of the Audit Committees of the Trustee-Manager and the Company, and a Member of both the Company's Remuneration Committee and Nomination Committee. Mr. Wong is currently an Independent Non-executive Director of CK Hutchison Holdings Limited ("CKHH"), ESR Asset Management (Prosperity) Limited as manager of Prosperity Real Estate Investment Trust ("Prosperity REIT") and K. Wah International Holdings Limited ("KWIH"). CKHH, Prosperity REIT and KWIH are listed in Hong Kong. Mr. Wong is currently the Chairman of IncitAdv Consultants Ltd., Chairman and a Director of Hong Kong Grand Opera Company Limited, an advisor to the Chamber of Hong Kong Listed Companies, a member of the Advisory Board of Continuing and Professional Studies, The Chinese University of Hong Kong ("CUHK"), a Vice Chairman of the Board of Trustees and a Member of the Investment Sub-committee of the Board of Trustees of New Asia College, CUHK and a Director of the CUHK Medical Centre Limited. He was formerly a Member of the

Advisory Committee and a Member of the Real Estate Investment Trust (REIT) Committee of the Securities and Futures Commission in Hong Kong and a Member of the China Committee of the Hong Kong Trade Development Council. Mr. Wong was an Independent Non-executive Director of Hutchison Port Holdings Management Pte. Limited as trustee-manager of Hutchison Port Holdings Trust (listed in Singapore).

Mr. Wong has over 30 years of experience in the commercial and investment banking industry. He worked with Merrill Lynch (Asia Pacific) Ltd. from May 1993 to August 2009 where he served as a Managing Director in the Asia Investment Banking Division since January 1995. He was appointed as a Senior Client Advisor to Merrill Lynch (Asia Pacific) Ltd. in September 2009 and served in that position for one year. Prior to that, Mr. Wong had been a Director in the Investment Banking Division of CS First Boston (Hong Kong) Ltd. and a Director and the Head of Primary Market in Standard Chartered Asia Limited.

Mr. Wong holds a Bachelor of Arts Degree and Honorary Fellowship from CUHK and a Ph.D. from Leicester University, England.

Interests of the Directors of the Trustee-Manager and the Company in the Share Staple Units and/or the substantial Holders of Share Stapled Units are set out in the Report of the Directors in this Annual Report.

BIOGRAPHICAL DETAILS OF DIRECTORS, OFFICERS AND MANAGEMENT

COMPANY SECRETARY

Ms. WONG Mei Ling, Marina

Ms. WONG Mei Ling, Marina, has been the Company Secretary of the Trustee-Manager and the Company since 2013. She is responsible for the company secretarial and compliance function of the Trust Group. Ms. Wong is the Company Secretary of Great Eagle Holdings Limited. She is also a Non-executive Director and the officer in charge of the corporate secretary of Eagle Asset Management (CP) Limited (Manager of the publicly-listed Champion Real Estate Investment Trust) principally responsible for the governance, compliance and corporate secretarial matters. With over 30 years of solid working experience, her expertise lies in the development of governance and compliance policies and corporate secretarial and administration. Ms. Wong is a Fellow both of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. She holds a Master Degree in Laws, a Master Degree in Business Administration and a Bachelor Degree in Accountancy.

MANAGEMENT

Ms. WONG May Po, Mabel

Financial Controller

Ms. WONG May Po, Mabel, Financial Controller of the Company, joined the Group in February 2020. With over 25 years of experience in auditing, accounting and financial management gained from various companies, Ms. Wong is primarily responsible for the financial and accounting affairs as well as overseeing the investor relations of the Group. Ms. Wong holds a Bachelor of Commerce in Accounting from the University of New South Wales, Australia, and is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MESSAGE FROM THE SUSTAINABILITY STEERING COMMITTEE

2024 was the warmest year in Hong Kong since records began in 1884. Eleven of 2024's months were warmer than normal, with record-breaking monthly average temperatures recorded in April and October. Global warming and climate change are pressing issues that have already begun to affect hotel operations, highlighting the critical need for climate action initiatives.

With this in mind, our dedication to balancing successful, human-focused business activities with impactful climate action continued throughout the year. In this report, we share some significant sustainability milestones that achieved by the Hotels in 2024.

Across our industry, stakeholders' expectations regarding sustainability disclosures are steadily increasing. To strengthen the credibility of our disclosures, an external auditor was engaged to independently verify this report. Plans are also in place to launch a new Environmental, Social and Governance ("ESG") data management platform that will enhance ESG data monitoring and tracking.

Climate action-wise, in 2024 the Hotels and the Hotel Manager implemented several major energy-efficiency and retro-commissioning projects, resulting in an approximate four percent reduction in energy consumption compared to 2023, despite continued growth in our hotel business. A number of energy-saving initiatives are also in the pipeline for 2025, including upgrades to heat pump systems and enhancements to building management systems. To grow climate resilience, climate risk assessments have also been conducted for the Hotels; these will provide better information about required mitigation measures and any opportunities that may arise. All these projects make crucial contributions to our parent company's net-zero goal.

We remain dedicated to engaging the Hotels' staff, customers, and partners in our sustainability efforts. The groundbreaking Oyster Shell Upcycling Programme continued to make positive impacts in 2024 – besides successfully converting over 12 tonnes of discarded oyster shells into sustainable raw materials for cement

products, the Hotels' teams shared their experiences with the hospitality industry and the wider community through conferences and site visits. It is a source of pride that more hotels have now begun sending their cleaned oyster shells to a cement manufacturer to be transformed into useful products.

Contributing to the community was a continued priority for us throughout the year, with colleagues across our three hotels contributing more than 1,900 volunteering hours. The Hotels partnered with non-government organisations to give back to society and empower individuals in various ways, for example working with an organisation that supports disadvantaged individuals by providing jobs turning discarded fabric and textiles into new products. The Hotels also continued their long-standing partnerships with organisations providing regular nutritious meals to people in need, and promoting diversity, equity and inclusion through different initiatives.

The Hotels received positive recognition and several awards in 2024. Cordis, Hong Kong attained a Master Level in the EarthCheck certification, the first hotel in Hong Kong and in Asia to achieve this accreditation, recognising the hotel's 15+ years of commitment to sustainability work. The commitment of the Hotels and the Hotel Manager to creating exceptional workplace environments was also acknowledged, reflecting the success of ongoing work to foster diverse and inclusive workplaces while drawing in the next generation of talent.

As we look ahead, we are excited about the future and the continued progress the Hotels will make. Our unwavering commitment to sustainability will guide us as we strive to create positive impacts on the environment and society. We are confident that these efforts will inspire others to join us on this important journey towards a more sustainable world.



LO Chun Him, Alexander
*Non-Executive Director and Chairman
of the Sustainability Steering Committee*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING APPROACH AND BOUNDARY

This ESG Report (“the Report”) is part of the 2024 Annual Report for the Trust and the Company, covering the period from 1 January 2024 to 31 December 2024. The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (“the Guide”) from Hong Kong Exchanges and Clearing Limited (“HKEX”), under Appendix C2 of the Main Board Listing Rules, and satisfies its “comply or explain” provisions. The Report follows the four reporting principles stipulated in the Guide: Materiality, Quantitative, Balance, and Consistency.

The reporting boundary covers all properties of the Trust Group that were in full operation during the reporting period, based on our control and significant influence in revenue contribution, management ownership, operating status, and sustainability impacts.

SUSTAINABILITY APPROACH

Langham Hospitality Investments Limited (“LHIL” or “the Company”), together with the Master Lessee and the Hotel Manager¹ (“we”), are committed to operating in a sustainable manner. Sustainability has been embedded into the operations of the Hotels through corporate sustainability programme, CONNECT, and guided by the parent group’s Sustainability Policy, which serves as a testament to our unwavering commitment to being a sustainable company.

The CONNECT’s sustainability strategy focuses on four key areas: Governance, People, Community, and Environment.

Mission

To serve as a catalyst that accelerates the hospitality industry’s transition towards a sustainable future.

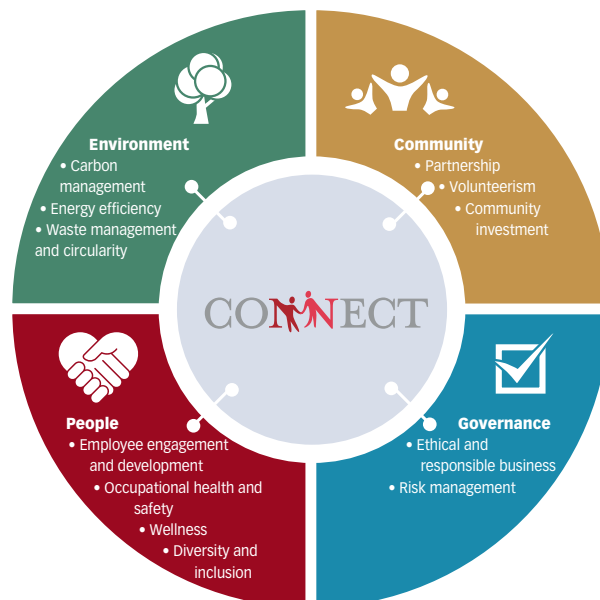
Governance – We are dedicated to operating with the utmost integrity and upholding our core values.

People – We are committed to maintaining an environment that is diverse, inclusive, and fair for all stakeholders, and that fosters a sense of safety, value, and acceptance without bias.

Community – We are determined to make positive and lasting impacts on the communities where we operate.

Environment – We are devoted to reducing our environmental impact through innovation and responsible resource management.

In 2024, the CONNECT structure and framework were revisited and adjusted to better align with our sustainability strategy and targets. The four key areas of the updated CONNECT framework are: Governance, People, Community, and Environment.



Through CONNECT, we drive sustainability and collaborate for positive change in the areas of Governance, People, Community, and Environment

¹ The three Hong Kong hotels are managed by the Hotel Manager, Langham Hotels International Limited, under the Langham Hospitality Group (“LHG”).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For further details on materiality assessments and long-term sustainability strategies and goals, please refer to the parent group's sustainability reports.

Sustainability governance structure

The LHIL Board of Directors ("the Board") oversees overarching sustainability trends and is accountable for all ESG-related matters. To ensure alignment with the parent group's sustainability vision, the Company's Sustainability Steering Committee ("the Committee") oversees all ESG-related matters, monitors sustainability performance against the Company's ambitions, and develops ESG strategies and policies.

Delegated by the Board, the Hotels and the Hotel Manager are responsible for implementing the Company's ESG strategy and for identifying and managing ESG-related risks across the Hotels. The Hotels and the Hotel Manager regularly report to the Board on sustainability matters and progress towards sustainability targets.

Taskforces, including the Sustainable Sourcing Taskforce and the Energy Efficiency Taskforce, also support the formulation and implementation of sustainability initiatives during hotel operations, further aligning us with the parent group's sustainability aspirations.

SUSTAINABILITY-LINKED LOAN PERFORMANCE

In 2024, the Trust and the Company signed a three-year sustainability-linked loan facility with a consortium of banks. The terms of the loan state that we will be eligible for interest rate reductions when specific sustainability objectives are met. Obtaining this sustainability-linked loan reflects our continuous commitment to creating positive changes for the environment and holding ourselves financially accountable for the Hotels' environmental impacts.

SUSTAINABILITY POLICIES AND CHARTERS

The Hotel Manager operates three hotels in Hong Kong. Policies and guidelines are in place to assist us in ensuring compliance with laws and regulations that are relevant and material to us in Hong Kong. To ensure transparency and accountability, cases of legal non-compliance are reported in the annual ESG Report. These include convicted criminal cases against the Company in Hong Kong, any major breaches that have resulted in significant fines (greater than HK\$1 million) or non-monetary sanctions. In terms of environmental regulations and compliance, any incidents resulting in significant fines or prosecutions, or that relate to the exceedance of environmental license limits, are also reported. In 2024, there were no new reportable cases of non-compliance with the relevant laws or regulations in Hong Kong which had a significant impact on the Company.

The Hotels participate in various programmes and charters enacted by the Environment and Ecology Bureau and the Environmental Protection Department of the HKSAR Government, including but not limited to

- The Foodwise Charter
- Charter on External Lighting
- Carbon Neutrality Partnership

ASSURANCE AND VERIFICATION

This Report underwent independent verification by the Hong Kong Quality Assurance Agency ("HKQAA"), an external verifier, to provide independent and reasonable assurance regarding the reliability of the data and information presented. For details of the verification methodology and a copy of the verification statement, please refer to Appendix III of this Report.

2024 SUSTAINABILITY PROGRESS AND PERFORMANCE

The following sections cover the progress made and achievements delivered through the CONNECT framework in 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GOVERNANCE

We are dedicated to upholding our core values and mandating that the Hotel Manager operate with the utmost integrity. This commitment extends beyond compliance: We strive to embed sustainability and sound business practices into every aspect of operations within the remit of the Hotel Manager. Through organisational accountability, incentivised teams, and transparent reporting, we ensure that good governance remains a key focus as the Hotel Manager works to deliver exceptional guest experiences while preserving the planet for generations to come.

Ethical business practices

We require the Hotel Manager to apply good corporate governance practices and maintain business integrity in all business activities. The Board regularly monitors and reviews the Trust Group's corporate governance practices, bearing in mind the relevant regulatory requirements and our values of integrity and accountability. We clearly articulate these principles in our Code of Conduct ("the Code"), which serves as a guide for the Hotels' employees, outlining expectations for ethical behaviour and integrity in all business dealings, particularly around the acceptance, solicitation, or offering of advantages; declaration of conflicts of interest; fraud and bribery; gambling; fair dealing; and the handling of confidential information.

The Code outlines the Company's expectations of the Hotels' colleagues regarding conflicts of interest and whistleblowing procedures. Any colleagues who have engaged in or are considering engaging in activities that may conflict with the Company's interests are required to make full disclosures. Our whistleblowing policy ensures that employees feel empowered to report any unethical behaviour without fear of retaliation. Anti-corruption training is mandatory for all newly-hired colleagues, as it equips them with the knowledge to navigate any ethical dilemmas.

All new hotel colleagues are required to take training courses on business ethics, conflicts of interest, bribery, whistleblowing, health and safety, the environment, unconscious bias, and data protection. These are part of an orientation programme called The First60 Orientation. Depending on a colleague's individual responsibilities, they also receive regular communications, refresher training and team briefings to reinforce important messages.

During 2024, no reportable non-compliance incidents or fines were recorded.

For more information on the Company's corporate governance performance, please refer to the separate Corporate Governance Report of this Annual Report.

Service quality management

We believe that Total Quality Management ("TQM") is essential to organisational success. We embrace TQM through the Q. League management system (the "Q. League"), a team-oriented approach, rooted in the Malcolm Baldrige Performance Excellence Framework, that fosters a shared purpose: to "build great memories" among guests, drive alignment, continuously improve, and recognise success.

The Hotels' general managers and "quality champions" lead strategic initiatives that are supported by regular policy reviews and a comprehensive playbook containing guidelines and checklists. Regular internal audits help maintain brand standards, enhance operational efficiency, and identify areas for improvement, while digital inspection tools are used to streamline processes.

The Q. League instils a unified sense of purpose among all team members by emphasising continuous improvement through effective process management and quality control. Its tools and resources focus on knowledge management, quality assurance, process improvement, and the sharing of innovative ideas and best practices. Third-party hospitality experts are engaged to obtain unbiased assessments and closely monitor market trends, thereby ensuring brand consistency and giving the Hotels the ability to gauge their competitive standing within the luxury hospitality sector.

The Hotels improved their fact-based, knowledge-driven measurement system in 2024, enhancing the measurement of success. This system enables more effective tracking of operations and performance in terms of learning, innovation, and results. The performance metrics for individual colleagues and departmental strategies are now better aligned with the Hotels' overall objectives in terms of strengthening internal knowledge, guest satisfaction and loyalty, colleague engagement, sustainability initiatives, and business performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Guest satisfaction and feedback management

A customer-centric culture is embodied by the slogan, “Connect from the Heart”, which underscores a profound guest focus. We urge the Hotel Manager to prioritise transparency and accountability through a robust Feedback Management Policy, which enables individuals to share feedback or voice concerns. “Voice of the Customer” systems engage colleagues in creating a guest-centric environment by gathering feedback through various channels. This helps the Hotels and the Hotel Manager identify guest preferences and areas for improvement, and helps them innovate to exceed guest expectations. Feedback channels include guest satisfaction surveys, online reviews for hotel stays and meeting planner experiences, and QR code surveys for dining and spa experiences.

A commitment to sustainable hospitality

To ensure credibility and transparency, the Hotels partner with EarthCheck, a leading global certification for sustainable hospitality practices. This partnership enables the Hotels to participate in rigorous assessments, benchmark sustainability performance, and demonstrate commitment to environmental and social responsibility.

EarthCheck standards correspond with several global frameworks, including the United Nations Sustainable Development Goals (“UNSDGs”), the Intergovernmental Panel on Climate Change (“IPCC”) Guidelines for National Greenhouse Gas Inventories, the International Organization for Standardization (“ISO”), the Global Reporting Initiative (“GRI”), and industry practices such as the Global Sustainable Tourism Criteria (“GSTC”). These standards encompass a wide range of sustainability topics, including greenhouse gas emissions, energy management, fresh water management, and social and cultural management.

To align with EarthCheck requirements, the Hotels have developed a comprehensive sustainability management system that monitors performance and addresses key operational risks related to sustainability. Independent verification by EarthCheck ensures compliance with these standards and fosters continuous improvement in environmental and social performance.

In 2024, Cordis, Hong Kong, received a Master Certification, the highest EarthCheck certification, recognising the hotel’s 15+ years of commitment to sustainability work. It is also the first hotel in Hong Kong and the North Asia region achieved this prestigious status. The Langham, Hong Kong and Eaton HK have EarthCheck Platinum Certification, acknowledging their sustainability efforts that have been in place for at least ten years.



Cordis, Hong Kong received EarthCheck Master Certification in 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Responsible sourcing

The Hotel Manager is required to work to ensure that, whenever feasible, products in key procurement categories are sustainably sourced. These categories include animal proteins, cleaning supplies, fresh produce, paper, seafood, coffee, and sugar. Since 2013, the Hotels have been implementing sustainable supply chain management initiatives in phases. The Hotel Manager is urged to prioritise dealing with suppliers with responsible environmental practices, ethical sourcing, and relevant certifications, as guided by the Sustainable Sourcing Policy.

The Sustainable Sourcing Taskforce, comprising representatives from various functions, formulates action plans that align with targets and enhance the procurement process. In 2024, the Sustainable Sourcing Criteria were refreshed to provide clearer guidance that will facilitate further progress toward fully sustainable sourcing.

Risk management

A comprehensive risk management framework effectively identifies, assesses, manages, and monitors risks. The framework integrates risk management practices into decision-making processes and aligns them with organisational objectives. The Hotels and the Hotel Manager actively evaluate risks, implement mitigation strategies, promote a risk-aware culture, and adhere to relevant laws and standards; periodic reviews are also conducted to maintain alignment with the Company's goals.

Guest safety

To ensure the safety and security of all guests, the Hotels and the Hotel Manager implement robust measures that prioritise their well-being. The Hotels' comprehensive standard operating procedures address all aspects of guest safety. Each hotel has a dedicated Crisis Management Team that meets regularly to proactively prepare for emergencies, including extreme weather events. Regular training sessions are conducted for all staff to ensure they are equipped to effectively handle safety and security challenges.

Committing to a safe operating environment is a shared priority, supported by the Health, Safety, and Crisis Management Team that includes representatives from all operational areas. This team meets monthly to oversee compliance with regulations, training, inspections, and emergency procedures.

Data security and protection

Safeguarding the trust and privacy of stakeholders is paramount. Rigorous privacy and information security programmes are implemented, including strict standards, policies, and procedures for responsible data management. Respecting privacy, safeguarding personal information, and ensuring compliance with existing policies are top priorities. The Hotels have several policies in place to ensure that employee and customer data are protected and that protect sensitive information from unauthorised access or breaches, including:

Privacy Policy – Outlines how personal information from customers and business partners is collected, used and protected. The policy is accessible on all hotel websites.

Data Protection Standards – These cover key aspects of data protection and include a data protection framework, Data Protection Impact Assessment ("DPIA"), key risk indicator measurements, data subject requests, handling procedures for information security incidents, ongoing assessment and monitoring, and third-party data protection due diligence.

Corporate IT Policy – A general guide to ensuring the proper use of computer equipment and preventing abuse. The policy also defines software standards to minimise discrepancies, errors and inefficiencies.

Face-to-face training on information security and data privacy is incorporated into the Hotels' First60 Orientation training. The Hotels and the Hotel Manager are transitioning this training to an online format for easier access and to facilitate annual refreshers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Comprehensive cyber risk assessments

Cyber risk assessments are conducted through the Cybersecurity Progress Index ("CPI") in a process that involves reviewing annual self-risk assessment submissions from the Hotels, and evaluating the DPIA on processing activities completed by the Hotel Manager. On-site reviews will be introduced in 2025 to bolster the process. Aligned with international standards like ISO 27001 and NIST, CPI reports assess 14 security risk domains related to people, processes, and technology, identifying areas for improvement. CPI reports are shared with management every month, detailing the Hotels' cybersecurity status and compliance with baseline requirements.

The Hotel Manager is required to prioritise information security through comprehensive monitoring and assessment processes that safeguard sensitive information and maintain trust with customers and partners. Cybersecurity threats are actively monitored through a monthly Cyber Threat Index report, which is communicated to management to inform decision-making. Third-party due diligence in line with Data Protection Standards is conducted before onboarding new suppliers. This approach ensures that information security controls are comprehensively assessed and effectively monitored across the supply chain.

PEOPLE

In addition to emphasising exceptional guest experiences, the Hotels commit to the wellbeing of colleagues, guests, and stakeholders by fostering safe, fair, and supportive work environments that promote diversity, wellness, and career development. This commitment also extends to the Hotels' contractors, suppliers, and all the partners who contribute to the ongoing success of the Hotels.

Creating an excellent workplace environment

The Hotels and the Hotel Manager work to foster an engaging and respectful work environment for colleagues that unleashes their full potential and inspires them to become ambassadors for the brand. These efforts are supported by systems that set out guiding principles, effectively review performance, promote a culture of open dialogue, foster talent, and guide colleagues as they advance their careers. These systems include:

- Human Resources policies that set out a global framework for an ethical workforce and colleague engagement.
- Training programmes that enable colleagues to deliver outstanding job performance and embrace the Hotels' culture.
- A workplace health and safety management system that safeguards the occupational health and safety of colleagues.
- Internal communication channels that connect colleagues at different levels and across functions to strengthen teamwork.
- Performance appraisals that review the performance of individual colleagues and set out clear goals that are aligned with objectives.
- "Celebrate Success Indicators" that monitor the effectiveness of the systems in achieving commitments.

Child labour and forced labour are strictly prohibited across the Hotels' operations and supply chains. The Human Resources Division monitors employment practices and investigates any violations found in the course of operations.

To show gratitude for the hard work and dedication of the colleagues, every year the Hotels celebrate Employee Appreciation Month, acknowledging team members' contributions to the success of the hotel operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Left: Members of the Executive Committee of The Langham, Hong Kong, serving meals to colleagues in appreciation of their contributions.



Right: A team outing at Ocean Park for the colleagues from Cordis, Hong Kong.

The work put in by the Hotels and the Hotel Manager to create an excellent workplace environment received several recognitions in 2024:

Cordis, Hong Kong

- Employee Experience Awards – Silver Award for Best Diversity Equity & Inclusion Strategy – Human Resources Online
- Good Employer Charter 2024 Award – Labour Department, Government of the Hong Kong Special Administrative Region
- Best HR Awards 2024 – Best Diversity, Equity & Inclusion Strategy Award – Gold Award – CTgoodjobs
- Best HR Awards 2024 – Best Gen Z Attraction Award – Gold Award – CTgoodjobs
- Best HR Awards 2024 – Best Graduate and Management Trainee Programme Award – Grand Award – CTgoodjobs

Eaton HK

- Good Employer Charter 2024 Award – Labour Department, Government of the Hong Kong Special Administrative Region

The Langham, Hong Kong

- Good Employer Charter 2024 Award – Labour Department, the Government of the Hong Kong Special Administrative Region

Langham Hospitality Group

- HR Asia Best Companies To Work For In Asia Award – HR Asia
- HR Asia Sub-category award: DEI – HR Asia
- Best Employer Brand Silver Award – LinkedIn
- Mind Care Company Recognition 2024 – MindCare

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Learning and development

Various learning programmes are in place to support the growth and development of hotel colleagues, ensuring they are well-equipped to excel in their roles, develop new capabilities, and contribute to the success. The Hotels and the Hotel Manager work to cultivate a learning mindset amongst colleagues, with specific goals agreed upon with the Learning and Development Team that ensure relevance to both professional and personal environments.

First60 Orientation: An orientation programme for new hires that familiarises them with the Company's culture, operations, and on-boarding essentials.

Langham Curriculum Certification ("LCC"): A structured training programme that enhances the skills and knowledge of colleagues at various levels: Bronze for all colleagues, Silver for supervisory roles, and Gold for managers in the Langham Hospitality Group. The LCC is part of broader learning and development initiatives that foster a culture of continuous improvement and professional development.

LEAD The Langham Way: This learning module targets all "managers of others" and focuses on developing leadership skills. It differentiates between leaders and managers and emphasises how a service culture is nurtured throughout the Langham brand. The module includes on-the-job coaching and techniques for providing constructive feedback.

Service Culture Series: Training modules that enhance guest service and service recovery skills, ensuring a consistently high-quality guest experience.

Online Learning: Access to various online learning platforms is provided, including LinkedIn Learning and eCornell. This training enhances skills and knowledge on various topics.

A range of incentives are also offered to encourage hotel colleagues to reskill, upskill, and enhance their capabilities. These include:

- Learning sponsorship – Financial support is provided for external courses and learning activities.
- Awards for learning hours – Those who complete the most learning hours are recognised and rewarded, fostering a culture of continuous improvement.
- Online training flexibility – Allows colleagues to attend training courses online, helping them effectively balance work and learning.

As part of our commitment to nurturing talent and fostering leadership, the Hotel Manager also implements comprehensive development programmes like the Langham Leadership Trainee Programme ("LLTP"), which offers hands-on training for young professionals; and the Advanced Programme for Executives ("APEX"), which prepares internal colleagues for leadership roles. Both programmes help reinforce our sustainable leadership pipeline and have successfully contributed to employee retention and career advancement since their inception.



Total learning hours:
75,000+ hours



Average learning hours per employee:
61.2 hours

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety

The health and safety of the Hotels’ guests and employees is of paramount importance. At the Hotels, stringent protocols and measures are implemented to ensure a safe and secure environment for everyone. From rigorous cleanliness and sanitisation standards to comprehensive risk assessments and emergency response plans, the Hotels are committed to maintaining the highest levels of health and safety. Dedicated teams undergo regular training and receive ongoing guidance to ensure strict compliance with all health and safety guidelines. The Hotel Manager continuously monitors and enhances procedures to adapt to evolving circumstances, prioritising the wellbeing and peace of mind of everyone within the hotel environments.

Key health and safety policies are implemented across the Hotels to protect employees. These are communicated through orientation sessions, staff meetings, and the intranet. The policies include compliance with health

regulations, regular hazard assessments, and targeted training programmes. Comprehensive emergency preparedness plans are maintained, along with clear mechanisms for reporting incidents.

To ensure a safe working environment for the Hotels’ frontline colleagues, the Hotel Manager conducts regular hazard assessments and has established key performance indicators (“KPIs”) to monitor health and safety performance. The Hotels’ comprehensive training programmes equip employees with the necessary skills for safe operations, while emergency preparedness drills enhance their readiness for potential incidents.

The Hotels actively seek employee feedback and allow staff to voice concerns and collaborate on safety initiatives. This feedback is integral to continuous improvement efforts, and ensures that safety practices evolve in response to the colleagues’ needs and experiences.

Safety Metrics: Lost Time Injury Frequency and Incident Rate

KPI	2023	2024
Lost Time Injury Frequency Rate (“LTIFR”) ¹	34.8	25.7
Incident Rate ²	11.3	8.8

1. The LTIFR is the number of reported lost-time accidents per one million working hours.
2. The Incident Rate is the number of reported accidents per 100 hotel employees.

Focusing on wellness

Colleagues

The wellbeing of colleagues and guests is integral to the Hotels’ operations. The Hotels are dedicated to supporting the physical, mental, and emotional health of colleagues, enabling them to thrive personally and professionally, while also ensuring a nurturing environment for our valued guests.

The Hotel Manager shares regular communications regarding mental wellness with colleagues to stress the importance of mental health. In June 2024, as part of Colleague Wellness Month, a Mental Wellbeing Channel was

launched providing hotel colleagues with vital resources to support their mental, physical, and emotional wellbeing, including weekly tips on various wellness topics, such as effective time and stress management. Online webinars also enhanced mental health engagement during the year.

Various health-related challenges were organised in 2024 to promote physical activity and healthy living among colleagues, including fitness competitions, 10,000-step walking challenges, and wellness days with health screenings and fitness activities. The hope is that these challenges will give rise to a culture of health and wellbeing, helping the Hotels’ colleagues improve their physical fitness and overall wellness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

A Mental Health-centric First Aid (“MHFA”) course was organised in 2024, with 20 colleagues completing the course and becoming certified. An Employee Assistance Programme is also available for colleagues and their family members, offering professional counselling and consultation services to manage stress and emotion encountered during daily life.

Guests

The Langham, Hong Kong and Cordis, Hong Kong both have a Chuan Spa, where the primary focus is on enhancing guest satisfaction and the overall guest experience.

Strategies to reach these goals include improving operational efficiency, developing touchless experiences, optimising training, strengthening partnerships, and focusing on acquired strengths.

Both hotels have meticulously-planned wellness activities that cater to various fitness levels, ages, and wellness preferences. These activities include complimentary and chargeable classes, such as free Tai Chi classes for all hotel guests, and “singing bowl therapy” which is available for a fee to guests and the public at Cordis, Hong Kong.



Singing bowl therapy at Cordis, Hong Kong

Sleep Matters By Chuan

Sleep is essential to a positive travel experience. A good night’s rest enhances holiday enjoyment, boosts productivity on business trips, and strengthens the bond between a hotel and its guests.

Recognising the importance of sleep to wellbeing, the Hotels further enhanced the “Sleep Matters by Chuan” programme in 2024, a sleep wellness programme developed in collaboration with the World Sleep Society.

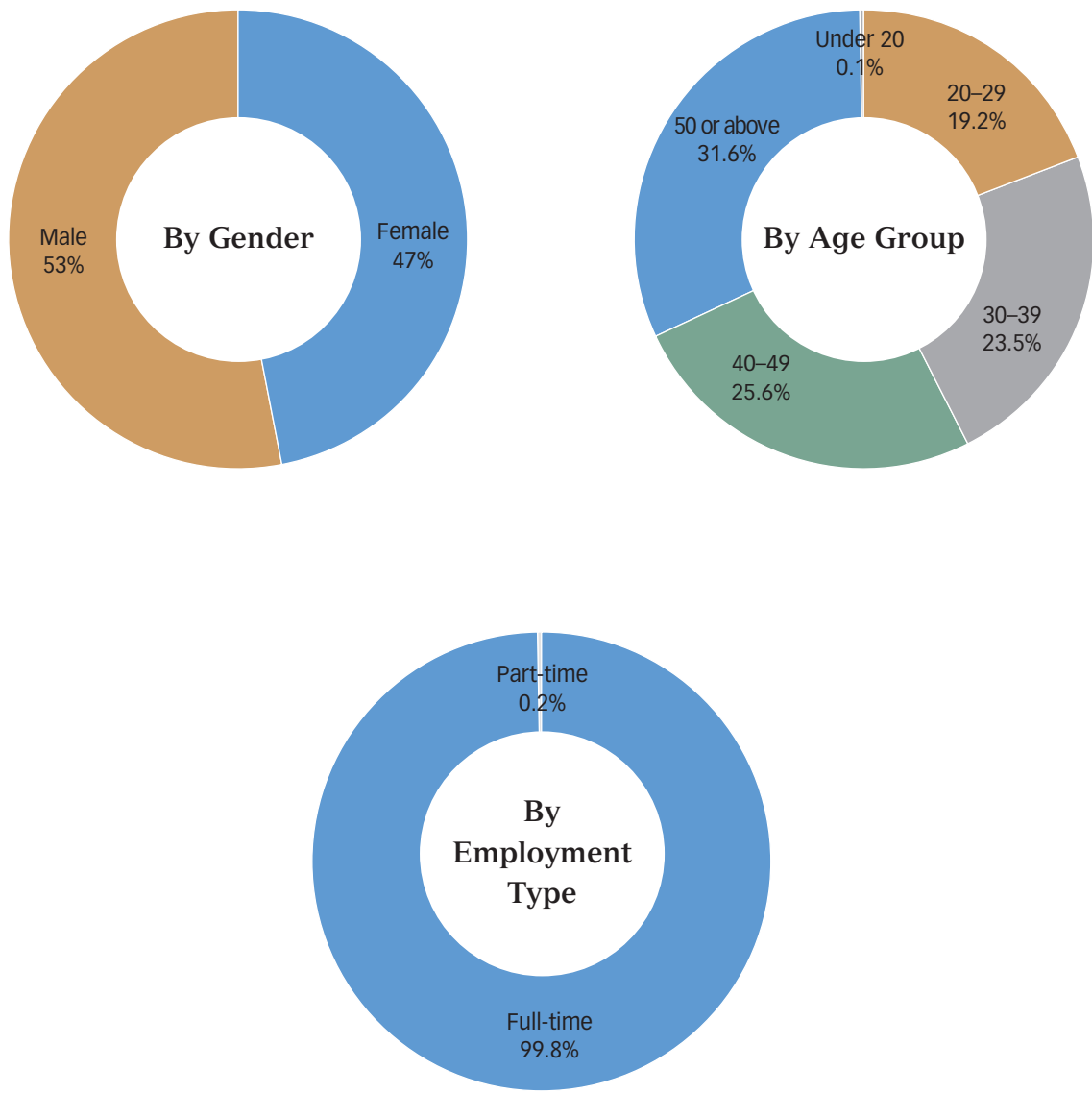
Guests have access to a broad selection of offerings at each hotel, including:

- **A Sleep Matters turndown kit** – Items to help give each guest the best night’s sleep possible, including herbal tea; branded ear plugs; a cushioned sleep mask, and sleep tips cards.
- **A Sleep Matters menu** – Guests can order a selection of wellness-related items during their stay, including a yoga mat and fitness ball for pre-sleep stretching, weighted blankets, a selection of pillow options, white noise sleep machines, and more.
- **Bedtime reading** – A Sleep Matters brochure, Chuan Spa tips on restful breathing exercises, and a special edition of the World Sleep Society’s Healthier Sleep Magazine focusing on guest travel, with topics like developing healthy sleep habits, improving children’s sleep, jetlag recovery, and more.
- **A Spotify playlist** – A specially curated list of tracks from around the world to help guests relax as they get ready for sleep.
- **The Sleep Cycle App** – A leading sleep tracker app designed to boost wellbeing and elevate nightly sleep. The app tracks sleep patterns using advanced technology, providing personalised insights for deeper, more rejuvenating sleep.

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Diversity, equity and inclusion

The Hotel Manager is urged to cultivate an inclusive and diverse workforce and to ensuring equal opportunities across all aspects of the Hotels’ operations. The goal is to establish a welcoming atmosphere that celebrates a broad array of cultures, backgrounds, and perspectives – one that reflects the diversity of the Hotels’ guests and communities. Diversity is not only a vital element in hospitality, it is essential to delivering exceptional service and to creating memorable experiences for hotel guests.



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Through CONNECT, the Hotels and the Hotel Manager organise diversity-related activities and hold various initiatives that raise awareness about diversity issues and promote acceptance. This is exemplified by Eaton HK – the hotel’s unique “EDIT” (equity, diversity, inclusion, and thriving) curriculum provides team members with training to foster an inclusive work environment. Eaton HK also holds sign language and wheelchair accessibility training to enhance guest services.

In 2024, Eaton HK collaborated with Next Chapter LGBT to host Hong Kong’s first collective LGBTQ+ wedding ceremony, supporting 10 couples as they officially registered their marriages. The ceremony was part of the hotel’s long-running Pride programme which has been celebrating LGBTQ+ culture since 2018.



The ‘Beyond Boundaries – Wheelchair Experience’ workshop at Eaton HK provided colleagues with valuable insights into the needs of wheelchair users.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PRIDE at Eaton

To celebrate Pride Month, Eaton HK hosted a series of events featuring queer and disability arts and cultural programming. Spanning 31 May to 12 August 2024, this year's events focused on the theme "Eclipsed Bodies, Embraced Pride."

Inspired by the astronomical phenomenon of eclipses, the theme challenged societal norms and perceptions surrounding body image, encouraging gender and sexual minorities and individuals with disabilities to embrace their unique experiences.

The programming invited participants to "emerge from the shadows" and celebrate their identities and journeys on their own terms. Altogether, Eaton HK curated over 30 positive and diverse events in collaboration with local LGBTQ+ organisations, including panels, screenings, immersive workshops, exhibitions, and performances.



Eaton HK partnered with Next Chapter LGBT to hold the "PRIDE TO WED" event, the first collective LGBTQ+ wedding ceremony in Hong Kong

COMMUNITY

The Hotels are determined to make positive and lasting impacts on the communities in which they operate. Recognising the integral role these communities play in the Hotels' success, it is important to give back and contribute to overall community wellbeing. Through partnerships, philanthropic initiatives and sustainable practices, the Hotel Manager strives to uplift these locations in ways that empower individuals and benefit societies.

Our community investment approach supports colleague volunteering as a core element of CONNECT culture. We encourage the Hotel Manager to promote social bonding within the organisation and facilitate interaction with the local community. Guided by four key themes, Art, Children and Youth, Environment, and Local Issues, we seek to make a meaningful difference.

Specific annual targets are set for community volunteering. In 2024, the Hotels organised over 180 community events, and contributed more than 1,900 volunteering hours.



180+
Community events



1,900+
Volunteering hours

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Community Initiatives in 2024

Cordis, Hong Kong

Cordis, Hong Kong partnered with Rhys Company Limited (Rhys), an organisation that supports disadvantaged individuals by providing job opportunities turning discarded fabric and textiles into new products. In 2024, Cordis, Hong Kong also sent discarded bathmats to Rhys' partner animal shelters to help make stray dogs and cats more comfortable.

The Langham, Hong Kong

The Langham, Hong Kong has a long-standing partnership with Soap Cycling on a sustainable collection campaign that recycles soap from hotel guest rooms. The campaign involves 35 housekeeping colleagues who serve as soap collection ambassadors. By recycling soap and redistributing it to underprivileged communities, the hotel promotes sustainable production, consumption, and equitable access to hygiene products, as well as sustainable hotel practices. In 2024, 14.8 kg of soap was collected.

Eaton HK

Eaton HK partnered with More Good and Justice Centre Hong Kong to provide nutritious meals at no cost to those in need. Hotel chefs delivered cooked meals to Kowloon Union Church in Jordan which supports refugees and asylum seekers, serving 40–50 individuals every week. This initiative also served the elderly community in Chai Wan.

Eaton HK also offers job opportunities to refugees who are eligible to work at the hotel through the Refugee Employment Scheme. Through training, film screenings, and employee features throughout the year, the hotel did its part to raise awareness about the challenges faced by the refugee community in Hong Kong.



The Langham, Hong Kong collaborated with Food Angel to prepare nutritious meals to those in need.

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ENVIRONMENT

Climate resilience

2024 was the warmest year in Hong Kong since records began in 1884, with an annual mean temperature of 24.8 degrees Celsius, 1.3 degrees above the normal 1991–2020 mean value. Eleven of 2024's months were warmer than normal, with record-breaking monthly average temperatures of 26.4°C recorded in April and 27.3°C in October. Global warming and climate change are pressing issues that have already begun to affect hotel operations.

Driven by the vision of our parent group, the Hotels and Hotel Manager are preparing to act to mitigate climate change. As part of an in-depth risk analysis, two climate scenarios were selected, incorporating global and local government policies, environmental, economic, social, and technology indicators and market trends. The scenarios also make reference to publicly-available climate scenarios, mainly Representative Concentration Pathways ("RCPs") and Shared Socioeconomic Pathways ("SSPs") developed by the IPCC. Some of the key characteristics and assumptions of these scenarios appear in the table below.

	Turquoise Scenarios	Brown Scenarios
Referenced scenarios ²	IPCC RCP 2.6, SSP1–2.6	IPCC RCP 8.5, SSP5–8.5
Characteristics	<ul style="list-style-type: none">• Net-zero CO₂ emissions around the middle of the century.• Warming limited to 2°C.	<ul style="list-style-type: none">• CO₂ emissions roughly double from current levels by 2050.• Warming exceeds 4°C in 2100.
Assumptions	<ul style="list-style-type: none">• Vigorous policy and/or regulatory changes leading to operational cost increases.• Investment increases for facility upgrades and adaptations for frequent extreme weather events like flooding and typhoons.• Rapid shift from a fossil fuel-dependent economy to a sustainability- and renewable energy-driven economy.	<ul style="list-style-type: none">• Few policy or regulatory changes regarding carbon and climate-related disclosures.• Capital cost increases for replacement and repair of damage and productivity loss from more frequent extreme weather events like flooding and typhoons.• Profit-driven business model with only casual consideration of environmental and social impacts.

² The Turquoise and Brown Scenarios are categories of publicly available climate scenarios developed by HKEX, setting out generally milder (Turquoise) and generally more serious (Brown) climate change scenarios. More detail on these scenarios can be found on p. 16 and 17 of the HKEX Guidance on Climate Disclosures document.

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Scenario analyses of the three hotels were conducted using these two climate scenarios, supplemented by findings from a climate risk analytics platform. The table below shows the prioritised climate risks and mitigation measures to be taken by the Hotels. Studies on other climate risks are in progress.

Risk Type	Risk	Impact	Mitigation Measures
Physical (Acute)	<ul style="list-style-type: none"> Flooding caused by overflowing rivers or extreme rainfall. Typhoons of increased frequency and severity bring about widespread devastation. 	<ul style="list-style-type: none"> Interference to operations and supply chains due to extreme weather events such as flooding and typhoons. Overall repair cost increases due to damaged facilities. Increased property insurance premiums. 	<ul style="list-style-type: none"> Review and update operational protocols for extreme weather events. Training, procedural guidelines and contingency drills for operation staff. Implement climate adaptation measures to prevent floods. Disseminate updated best practices to operations staff on a regular basis on how to manage extreme weather events.
Physical (Chronic)	<ul style="list-style-type: none"> Rising mean temperatures lead to more extreme weather events, including heatwaves, extreme heat, changes in precipitation patterns, and drought. 	<ul style="list-style-type: none"> Accelerated equipment and building envelope depreciation. Increased air conditioning use for cooling and demand for swimming pools, resulting in higher water and electricity consumption and costs. Employees may suffer from heat stress-related illnesses (i.e. heat stroke), reducing productivity and increasing lost working days. 	<ul style="list-style-type: none"> Update operational protocols for periods of extreme heat. Optimise the energy efficiency of building services in the Hotels. Initiate electricity and energy saving measures. Regularly review and monitor building conditions to maintain effective performance. Explore sustainable materials to reduce heat gain.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

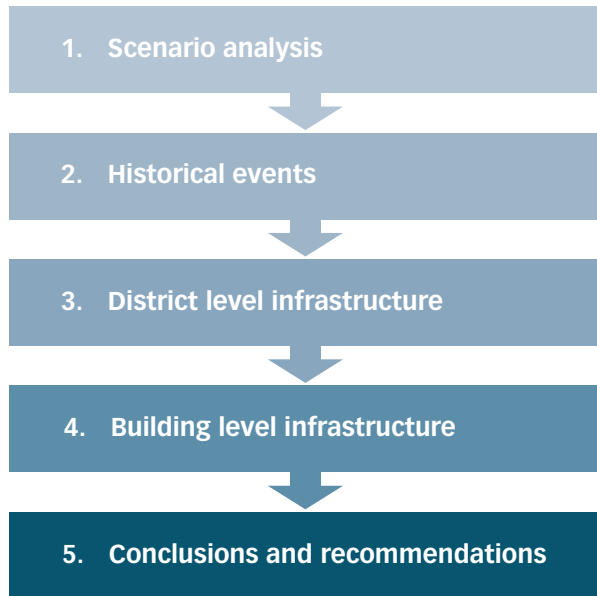
Risk Type	Risk	Impact	Mitigation Measures
Transition (Policy and Legal)	<ul style="list-style-type: none"> • Execution of government policies to shift to a low-carbon economy. • Tightened environmental regulations and codes of practice. 	<ul style="list-style-type: none"> • Rising operational costs due to tightened energy management requirements. • Capital costs for early retirement and replacement of equipment. • Implementation costs for new practices and processes and installation of high-efficiency equipment. 	<ul style="list-style-type: none"> • Capitalise on new and energy-efficient models for equipment upgrades. • Participate in our parent group's Energy Efficiency Taskforce to keep track of our energy saving progress. • Continuous monitoring of the latest regulations and trends. For example, early inventory management and procurement process to address the regulation of disposable plastic products. • Explore waste diversion method to expand the waste collection scope.
Transition (Market and Technology)	<ul style="list-style-type: none"> • Increased cost of utility supplies and services. • Increased investment in new technologies. • Increased cost of low-carbon products and food. 	<ul style="list-style-type: none"> • Rising operational costs due to increased utility costs. • Increase in investment or capital for new development projects. 	<ul style="list-style-type: none"> • Initiate electricity and energy saving measures. • Explore new investment models to facilitate equipment upgrades. • Apply for funding support when suitable energy saving or decarbonisation projects are planned. • Increase financial flexibility through engaging with banks for sustainability-linked loans.
	<ul style="list-style-type: none"> • Inability to adapt to stakeholders' rising interest in sustainability. 	<ul style="list-style-type: none"> • Loss of competitive edge to more sustainable competitors. 	<ul style="list-style-type: none"> • Maintain active participation in various green initiatives, such as EarthCheck. • Engage internal stakeholders and customers in green initiatives, such as our CONNECT activities. • Develop a sustainable guidebook and provide internal training to drive low-carbon operations.

Based on the above results, a further climate assessment was conducted at the individual hotel level.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Our assessment approach

The five-step assessment examines both temporal and spatial dimensions:



To understand local physical risks, the analysis investigated historical extreme weather events and infrastructure developments. Local information offered insights into how past events have shaped current infrastructure resilience, thus informing future planning and risk mitigation measures.

Building design, systems, and operations were also evaluated for climate adaptation and resilience, with recommendations on how to enhance the Hotels' climate resilience produced afterwards.

Case Study – Rainfall-induced Flooding at Cordis, Hong Kong

Climate risk analytics shows that the area in Mongkok where the hotel is located is exposed to the risk of flooding from extreme weather events. Rainfall-induced flooding has been recorded several times in recent decades. For example, during the extreme rainfall event of early September 2023, severe floods occurred in the main streets around the hotel. The Hong Kong Observatory Headquarters, located relatively close to the hotel, recorded an hourly rainfall of 158.1 mm between 11 pm on 7 September and midnight on 8 September – the highest rainfall rate recorded since 1884³. Although the hotel was not subject to direct impacts from the extreme rainfall and subsequent flooding, the event triggered a detailed assessment to enhance preparedness and climate resilience.

Hong Kong's Drainage Service Department has been working to improve the drainage system in the district. Major improvements have included a large-scale underground stormwater storage tank with a capacity of 100,000 cubic metres, a pumping station in Tai Hang Tung⁴, and a long underground stormwater drainage tunnel and box culvert that intercepts and discharges stormwater into Victoria Harbour⁵. These improvements have alleviated the overall flooding risk in Mongkok.

Meanwhile, Cordis, Hong Kong has prepared standard operating procedures to maintain service levels and ensure the comfort and safety of guests and colleagues in case of future extreme events. Measures and precautions include:

- Regular maintenance to ensure drainage efficiency.
- Submersible pumps to minimise water accumulation on the hotel roof and gardens.
- Removing and tying up loose outdoor items such as small pieces of furniture.
- Ensuring adequate supplies of sandbags, raincoats, rain boots, and other equipment are prepared.

³ <https://www.info.gov.hk/gia/wr/202309/08/P2023090800037.htm>

⁴ <https://www.dsd.gov.hk/EN/HTML/20522.html>

⁵ https://www.dsd.gov.hk/EN/Files/Technical_Manual/RnD_reports/RD201405.pdf

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Carbon and energy

The parent group is committed to reducing their environmental impact through innovation and responsible resource management, an imperative that has prompted the Hotels to fully align themselves with their environment targets. Two major targets are:

- Reduce energy consumption by 30% by 2030 as compared to 2019.
- Reduce carbon emissions by 46% by 2030 as compared to 2019.

	2023	2024
Scopes 1 and 2 emissions (tonnes of CO ₂ e)	18,145.65	17,370.59
Energy consumption (MWh)	51,462.45	49,363.95
Progress against targets		
– Emissions	-21.5%	-24.8%
– Energy	-2.4%	-6.4%

The Hotels reduced their energy consumption by 4.1% and carbon emissions by 4.3% in 2024 compared to 2023, even though total guest nights despite an increase in the total guest nights in 2024, with around 1% increase over 2023.

To ensure that these targets are met, the Hotel Manager is currently revamping the sustainability strategy and roadmap. This revamp will be completed in 2025.

In 2024, the Hotel Manager applied for a financial incentive from a power company to upgrade the heat pump systems in the Hotels. A kitchen appliance electrification project was also initiated. Additionally, as part of the equipment lifecycle management, the Hotels are replacing aging building automation systems with a state-of-the-art open control systems.

Major energy saving initiatives completed in 2024 included:

- At The Langham, Hong Kong:
 - Installed new water source heat pumps for the swimming pools to reduce boiler and chiller plant energy consumption.
 - Implemented retro-commissioning (“RCx”) work for the upgraded chiller plants.
 - At Cordis, Hong Kong:
 - Replaced car park fresh air fans with electronically commutated (“EC”) plug fans with timer controls.
 - Replaced lighting fixtures and exit signs with energy efficient LED lights.
 - Implemented Phase 1 of an RCx project for the chiller plant.
- More energy efficient equipment will be installed at the Hotels to continuously improve their sustainability performance. Upcoming plans include:
- More energy-efficient heat pumps to be installed at Cordis, Hong Kong and Eaton HK in 2025.
 - Upgrade of building management systems at The Langham, Hong Kong and Cordis, Hong Kong.
 - Passive radiative cooling paints to be used at Eaton HK.
 - An artificial intelligence-driven chiller plant control system at The Langham, Hong Kong.
 - Upgrades to primary air handling units at the Hotels in 2025.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Major energy saving initiatives at our Hotels: energy-efficient heat pumps (left) and upgraded primary air handling units (right)

The Hotels are currently engaged in several pilot projects that feature smart technologies, including ultra-efficient LED lighting and passive radiative cooling paints. At Cordis, Hong Kong, an RCx pilot project is currently assessing the design, operation, and controls of the existing chiller plant, paving the way for future air conditioning system upgrades.

To reinforce accountability and raise awareness about carbon neutrality, a Net Zero Working Group has been established that will develop and implement strategies to drive the sustainability initiatives forward. Led by the parent group, the Hotels and the Hotel Manager are also enhancing the online ESG platform to ensure transparency and facilitate continuous improvements. Frontline staff at the Hotels are actively implementing daily energy-saving measures, such as energy conservation-focused housekeeping, reviewing exterior lighting schedules, utilising swimming pool covers during winter operations, and chilled supply water temperature set-backs.

These actions are further strengthened by the Hotels' participation in the EarthCheck certification scheme which provides a comprehensive framework focused on environmental management, responsible practices, and community engagement.

Water

As part of the parent group's overall commitment to sustainability, the Hotel Manager is currently reviewing water performance across all operations. A comprehensive action plan will be developed focusing on water reduction strategies, that aims to minimise consumption and enhance efficiency by 2030. This plan will be completed in 2025.

Effective water management is a crucial component of the sustainability strategy – it conserves a vital resource and reduces operational costs and environmental impacts.

At Cordis, Hong Kong, and Eaton HK, several water efficiency initiatives have been implemented, including installing low-flow faucets, showerheads, and toilets in all guest rooms which have reduced water consumption by three percent without compromising guest comfort. Water-efficient dishwashers and washing machines have also been installed to optimise water usage while maintaining high standards of cleanliness.

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Both hotels are equipped with leak detection systems that promptly identify and address any leaks to prevent water loss. Water meters track consumption in real time, helping monitor usage patterns and identifying areas for improvement. In June 2024, The Langham, Hong Kong and Cordis, Hong Kong joined 17 other properties in the city to participate in a research project organised by the Centre for Water Technology and Policy at The University of Hong Kong ("HKU Water Centre"). The project investigated and identified actual and potential water leaks in these properties by installing smart water meters to capture water consumption data. No leaks were detected at the hotels.

In recreational facilities, the Hotel Manager employs a pool covers to minimise water evaporation when swimming pools are not in use. This simple yet effective measure helps conserve water, minimises heat loss, and reduces the need for frequent refilling.

Wherever possible, the Hotels replace traditional landscaping with drought-resistant plants and native species. This reduces irrigation water use, promotes biodiversity, and helps create a more resilient ecosystem.



Pool covers at hotel swimming pools conserve water and minimise heat loss

Waste

The Hotels and the Hotel Manager have implemented a range of waste reduction initiatives. The Hotel Manager is also developing waste reduction plans with specific goals to minimise waste generation across hotel operations.

Dedicated recycling bins are provided in guest rooms, common areas, or back-of-house spaces, accompanied by clear signage to guide proper sorting and improve recycling

rates. Materials that should be reused or recycled include paper, metal, plastics, cardboard, glass bottles, used cooking oil, printer cartridges, bath and spa amenities, soap, and wine corks.

To reduce the use of single-use plastics, water bottling systems have been installed that allow guests to refill reusable bottles. This has significantly decreased the Hotels' use of bottled water.

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Food waste is tackled by separating it for recycling and composting, transforming organic waste into valuable compost, or through food waste digester machines. The Hotels' food donation programmes partner with local organisations to redistribute surplus food, reducing waste while supporting members of the community in need. The Hotels also promote mindful consumption and efficient inventory management in their kitchens.

In response to new regulations on disposable plastic products that came into effect in 2024, the Hotel Manager has proactively replaced all regulated items with more

sustainable alternatives across the Hotels. This transition aligns with compliance requirements and reflects an ongoing commitment to environmental responsibility. The Hotels will extend these efforts by phasing out key single-use plastic items as quickly as possible.

In all areas, the goal is to minimise the Hotels' environmental footprint and promote sustainable operational practices. By adopting eco-friendly alternatives, the Hotels and the Hotel Manager will enhance the guest experience while contributing to a healthier planet.



Food waste and discarded oyster shells are collected at each hotel

Redefining waste and creating value

It is perfectly possible to transform waste into valuable resources. The Hotels have been participating in two innovative initiatives that repurpose discarded oyster shells from hotel restaurants. These groundbreaking programmes, implemented at The Langham, Hong Kong, Eaton HK, and Cordis, Hong Kong, cut waste and create value.

Led by our parent group, a pioneering pilot programme was conducted at The Langham, Hong Kong and Eaton HK hotels, in collaboration with a local cement manufacturer, that explored using waste oyster shells as a sustainable alternative to limestone in the cement manufacturing process. Discarded oyster shells are collected from hotel restaurants, cleaned and stored before being turned over to the cement manufacturer which uses them in place of limestone. Since March 2023, over 12 tonnes of oyster shells have been converted into cement products, proving that this is a viable sustainable solution for the construction industry.

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Meanwhile, Cordis, Hong Kong was the first hotel to join The Nature Conservancy's Oyster Reef Restoration Programme. This ongoing partnership, established in November 2020, upcycles discarded oyster shells from the hotel's restaurants into substrate for new living reefs. These reefs serve as vital habitats for juvenile fish and other marine life, helping preserve biodiversity and restore fragile ecosystems. Over 29 tonnes of oyster shells have been collected from Cordis, Hong Kong since the programme commenced.



The pioneering Oyster Shell Upcycling Pilot Programme released its promising results at a press conference at Eaton HK

Awareness raising and upskilling

Through CONNECT, the Hotels and the Hotel Manager offer sustainability-related upskilling and awareness initiatives that engage colleagues and guests.

Every year, the Hotel Manager holds Loving Earth Month, dedicating the weeks between Earth Hour (typically the last Saturday in March) and Earth Day (22 April) to taking action for the good of the planet. From workshops and meatless meals to environmental volunteer activities, the Hotel Manager organises campaigns and initiatives that promote sustainability and inspire everyone to care for the Earth.

In 2024, the "Climate 101" training module became mandatory for all hotel colleagues. This module equips colleagues with an understanding of the impacts of climate change and it relates to their daily operational roles. The training covers the current climate scenario, the correlation between climate change and greenhouse gases, and the proactive measures the Hotels are taking to combat and alleviate the effects of climate change.

To augment the positive climate impacts of hardware upgrades, energy-efficiency training is also conducted for the Hotels' engineering teams, refreshing their knowledge of heating, ventilation and air conditioning ("HVAC") systems, building management systems, and energy-saving measures adopted in the Hotels and across the wider hotel industry.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX I: 2024 ESG PERFORMANCE DATA SUMMARY

Environmental Data		2024
Energy Consumption (MWh)		
Direct Energy Consumption		32.44
Indirect Energy Consumption		49,331.51
Total Energy Consumption		49,363.95
Carbon Emissions⁽¹⁾ (tonnes of CO₂e)		
Direct carbon emissions (Scope 1) ⁽²⁾		2,291.59
Indirect carbon emissions (Scope 2) ⁽³⁾		15,079.00
Total carbon emissions (Scopes 1 and 2)		17,370.59
Water Consumption (CuM)		452,446
Waste and Recycling (tonnes)		
Waste sent to landfill		1,668.26
Waste diverted from landfill		518.47
Hazardous waste disposed ⁽⁴⁾		0.42
Hazardous waste recycled ⁽⁴⁾		0.94
Social Data		2024
Supply Chain		
Hong Kong		283
Chinese Mainland		2
Asia (other than Hong Kong & Chinese Mainland)		1
Australia and New Zealand		–
Europe		–
United Kingdom		6
North America		–
Employee Profile		
Total workforce ⁽⁵⁾		1,239
By Employment Type		
Full-time ⁽⁶⁾		1,236
Part-time ⁽⁷⁾		3
By Age Group		
under 20		1
20–29		238
30–39		291
40–49		317
50 or above		392

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Social Data	2024
By Gender	
Male	657
Female	582
Non-binary	–
With Disabilities	6
Turnover	
Total turnover rate ⁽⁸⁾	23.7%
By Age Group	
under 20	1
20–29	75
30–39	83
40–49	78
50 or above	57
By Gender	
Male	134
Female	160
Non-binary	–
Occupational Health and Safety	
Lost Time Injury Frequency Rate (LTIFR)	25.7
Incident Rate	8.8
Number of work-related fatalities	–
Lost days due to work injury ⁽⁹⁾	2,123
Employee Training	
Average training hours per employee	61.20
By Gender	
Male	58.12
Female	64.70
Non-binary	–
By Employee Category	
Senior Management	49.65
Management	41.78
General Staff	73.15

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- (1) Carbon emissions are calculated with reference to “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” (2010 edition), published by the Hong Kong government’s Environmental Protection Department and Electrical and Mechanical Services Department. The sources of emission factors are referenced to the 2023 Sustainability Report published by CLP Power Hong Kong Limited, and 2023 ESG Report published by The Hong Kong and China Gas Company Limited. Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O) and hydrofluorocarbons (HFCs) are included in greenhouse gas emissions calculations, while perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃) are not applicable.
- (2) Direct carbon emissions (Scope 1) included Towngas, petrol, gasoline combustion in vehicles, diesel for routine maintenance and emergency generator checks and refrigerant containing HFCs.
- (3) Indirect carbon emissions (Scope 2) included GHG generated by Towngas and purchased electricity.
- (4) Hazardous waste disposed and recycled included fluorescent tubes, chemical waste and e-waste. They were collected by licensed waste collectors for treatment in a safe manner.
- (5) The workforce figures represent workforce information as at 31 December 2024.
- (6) “Full-time” is defined as a minimum of nine months per year and a minimum of 30 hours per week.
- (7) “Part-time” is defined as working hours per week, month or year that are less than “full-time”, as defined above.
- (8) Turnover rate is computed as total yearly number of leavers divided by the average 12-month headcount of the respective category.
- (9) Lost days refers to a worker or workers being unable to perform their usual work because of an occupational accident or disease. Lost days due to injuries exclude all rest days.

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APPENDIX II: ESG REPORTING GUIDE CONTENT INDEX

Aspect	KPI	Content	Report Page/Comment
Governance Structure			31–36
Reporting Principles			31
Reporting Boundary			31
A. Environmental			
A1 Emissions	A1	General disclosure	31–33 In 2024 there was no new reportable cases of non-compliance with such laws or regulations, which have a significant impact on the Trust Group.
	A1.1	The types of emissions and respective emissions data	Please refer to Appendix I 2024 ESG Performance Data Summary. Emissions of NOx, SOx and other pollutants are considered not significant in our operations.
	A1.2	Greenhouse gas emissions in total and intensity	49 Also refer to Appendix I 2024 ESG Performance Data Summary.
	A1.3	Total hazardous waste produced and intensity	Please refer to Appendix I 2024 ESG Performance Data Summary. We do not consider the Trust Group to be a major producer of hazardous waste.
	A1.4	Total non-hazardous waste produced and intensity	Please refer to Appendix I 2024 ESG Performance Data Summary.
	A1.5	Description of measures to mitigate emissions and results achieved	45–53
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	51–53
A2 Use of resources	A2	General disclosure	45–53
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	Please refer to Appendix I 2024 ESG Performance Data Summary.
	A2.2	Water consumption in total and intensity	Please refer to Appendix I 2024 ESG Performance Data Summary.
	A2.3	Description of energy use efficiency initiatives and results achieved	49–50
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	50–51 In 2024, we did not encounter any problems in sourcing water for daily operations.
	A2.5	Total packaging material used for finished products and with reference to per unit produced	#
A3 The environment and natural resources	A3	General disclosure	31–32, 45–53
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	45–53
A4 Climate Change	A4	General disclosure	45–53
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	45–53

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Aspect	KPI	Content	Report Page/Comment
B. Social			
B1 Employment	B1	General disclosure	36–37, 41–42 In 2024, there was no new reportable cases of non-compliance with such laws or regulations, which have a significant impact on the Trust Group.
	B1.1	Total workforce by gender, employment type, age group and geographical region	Please refer to Appendix I 2024 ESG Performance Data Summary. In 2024, 100% of employees are based in Hong Kong.
	B1.2	Employee turnover rate by gender, age group and geographical region	Please refer to Appendix I 2024 ESG Performance Data Summary. In 2024, 100% of employees are based in Hong Kong.
B2 Health and safety	B2	General disclosure	36–40 In 2024, there was no new reportable cases of non-compliance with such laws or regulations, which have a significant impact on the Trust Group.
	B2.1	Number and rate of work-related fatalities	Please refer to Appendix I 2024 ESG Performance Data Summary.
	B2.2	Lost days due to work injury	Please refer to Appendix I 2024 ESG Performance Data Summary.
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	39
B3 Development and training	B3	General disclosure	38
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	The percentage of employees trained by gender and employee category for 2024 was not available. The Group is actively improving the data collection system at the Hotels and further information will be disclosed in due course.
	B3.2	The average training hours completed per employee by gender and employee category.	Please refer to Appendix I 2024 ESG Performance Data Summary.
B4 Labour standard	B4	General disclosure	33, 36 In 2024, there was no new reportable cases of non-compliance with such laws or regulations, which have a significant impact on the Trust Group.
	B4.1	Description of measures to review employment practices to avoid child and forced labour	36
	B4.2	Description of steps taken to eliminate such practices when discovered	33, 36–38 In 2024, we did not discover any such practices in our operations.

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Aspect	KPI	Content	Report Page/Comment
B5 Supply chain management	B5	General disclosure	35
	B5.1	Number of suppliers by geographical region.	Please refer to Appendix I 2024 ESG Performance Data Summary.
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	35
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	35
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	35
B6 Product responsibility	B6	General disclosure	33–36 In 2024, there was no new reportable cases of non-compliance with such laws or regulations, which have a significant impact on the Trust Group.
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	In 2024, we were not aware of any recall concerning the provision and use of products and services that have a significant impact on the Trust Group.
	B6.2	Number of products and service related complaints received and how they are dealt with	In 2024, there were no substantiated complaints received relating to the provision and use of products and services that have a significant impact on the Trust Group.
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	33–36
	B6.4	Description of quality assurance process and recall procedures	33–34
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	35–36
B7 Anti-corruption	B7	General disclosure	32–33 In 2024, there was no new reportable cases of non-compliance with such laws or regulations, which have a significant impact on the Trust Group.
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issue or its employees during the reporting period and the outcomes of the cases	In 2024, there were no concluded legal cases regarding corrupt practices brought against the Trust Group and its employees.
	B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	33
	B7.3	Description of anti-corruption training provided to directors and staff.	36
B8 Community investment	B8	General disclosure	43–44
	B8.1	Focus areas of contribution	43–44
	B8.2	Resources contributed to the focus area	43–44

Relevant data is not available in 2024. The Hotel Manager is actively improving the data management system and will disclose the relevant information in due course.

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APPENDIX III: VERIFICATION STATEMENT



Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") was commissioned by Langham Hospitality Investments Limited ("LHIL") to conduct an independent verification for its Sustainability Disclosures (the "selected disclosures") stated in its Environmental, Social and Governance Report 2024 ("the Report"). The selected disclosures covered the period from 1st January 2024 to 31st December 2024 and represented the sustainability performance of LHIL.

The objective of this verification is to provide an independent opinion with a reasonable level of assurance on whether the selected disclosures are prepared in accordance with the following reporting criteria:

- the Environmental, Social and Governance Reporting Guide ("ESG Guide") set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (version effective from 31 December 2023, which remains applicable to annual reports for financial years commencing before 1 January 2025).

Level of Assurance and Methodology

HKQAA's verification procedure has been conducted with reference to the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000") issued by the International Auditing and Assurance Standards Board. The evidence gathering process was designed to obtain a reasonable level of assurance as set out in the ISAE 3000 by using a risk-based approach.

Our verification procedure included, but not limited to:

- Sampling the sustainability information stated in the Report, e.g. claims and performance data for detail verification;
- Verifying the raw data and supporting information of the selected samples of the sustainability information;
- Interviewing responsible personnel; and
- Checking the internal control mechanism.

Roles and Responsibilities

LHIL is responsible for the organization's information system, the development and maintenance of records and reporting procedures in accordance with the system, including the calculation and determination of sustainability information and performance. HKQAA verification team is responsible for providing an independent verification opinion on the selected disclosures provided by LHIL for the reporting period. The verification was based on the verification scope, objectives and criteria as agreed between LHIL and HKQAA.

Independence

HKQAA did not involve in collecting and calculating data or compiling the reporting contents. Our verification activities were entirely independent and there was no relationship between HKQAA and LHIL that would affect the impartiality of the verification.

Limitation and Exclusion

The following limitations and exclusions were applied to this verification due to the service scope, nature of verification criteria, and characteristics of the verification methodology:

- I. Our verification scope is limited to compiling the raw data or information for the selected disclosures, e.g., Claims and Performance Data stated in the Report. The identified sustainability information may be subject to inherent uncertainty because of incomplete scientific and technical knowledge.
- II. Evaluating the quality of execution and implementation effectiveness of the ESG practices, the appropriateness of the assumptions made, and the estimation techniques applied are outside the scope of our verification.
- III. The verification of raw data or information is based on the use of a sampling approach and reliance on the client's representation. As a result, errors or irregularities may occur and remain undetected.
- IV. Any information outside the established verification period has been excluded.

Conclusion

Based on the evidence obtained and the results of the verification process, it is the opinion of the verification team that, with a reasonable level of assurance, the report has been prepared, in all material respects, in accordance with the ESG Guide set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (former version, which remains applicable to annual reports for financial years commencing before 1 January 2025).

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham
Head of Audit
February 2025
Ref: 14946724

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.

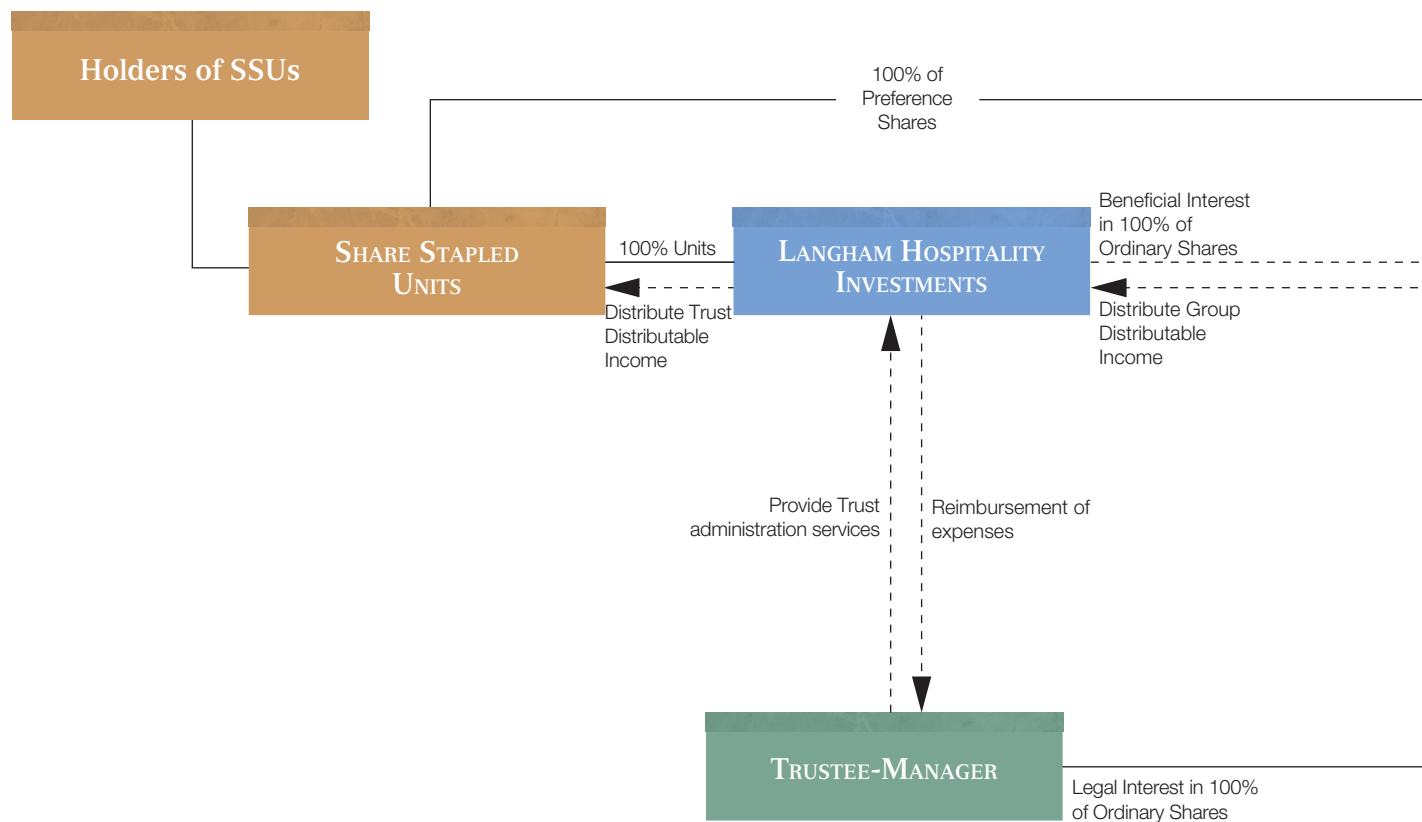
The major activities during the year 2024 are set out below:

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	<p>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:</p> <ul style="list-style-type: none"> (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. <p>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.</p>
Annual Caps for the Transactions Contemplated under the Deed of Mutual Covenant and Management Agreement	<p>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 Keysen 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.</p>
General Mandate to Issue Share Stapled Units	<p>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.</p>

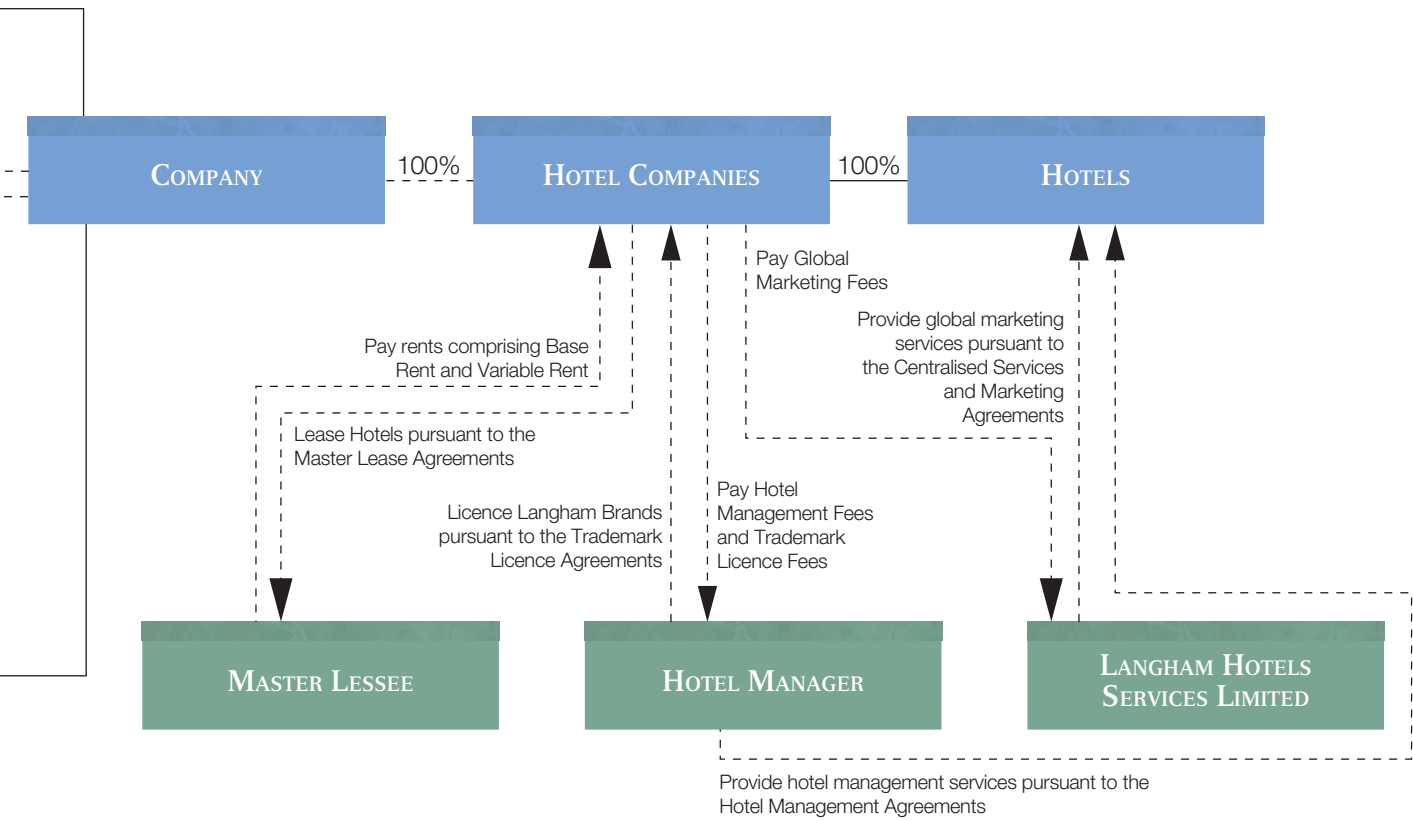
CORPORATE GOVERNANCE REPORT

STRUCTURE OF THE TRUST GROUP

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



CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE REPORT

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.

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 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).

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.

CORPORATE GOVERNANCE REPORT

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;

CORPORATE GOVERNANCE REPORT

- (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.

CORPORATE GOVERNANCE REPORT

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

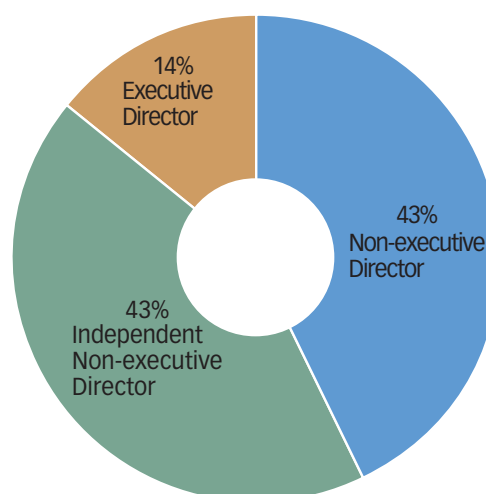
Executive Director

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

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.



CORPORATE GOVERNANCE REPORT

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

	Expertise	Responsibilities
Non-executive Directors		
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
Executive Director		
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

CORPORATE GOVERNANCE REPORT

	Expertise	Responsibilities
Independent Non-executive Directors		
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

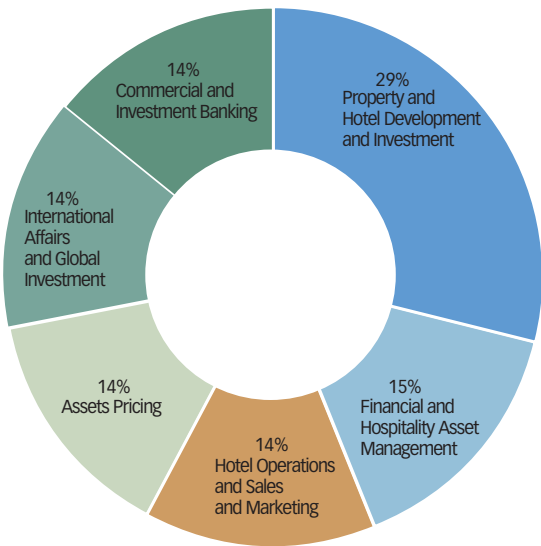
Directors needed to discharge the duties of the Boards and Board Committees. The Nomination Committee will not set any restrictions like gender, age, cultural or educational background when short-listing candidates. The Company believes that a truly diverse Board will include and make good use of differences 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.

CORPORATE GOVERNANCE REPORT

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.

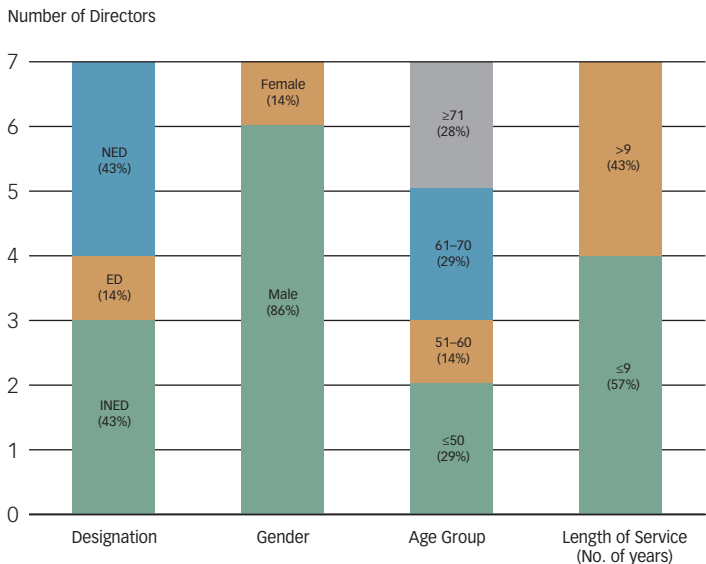
Board Skills Matrix



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



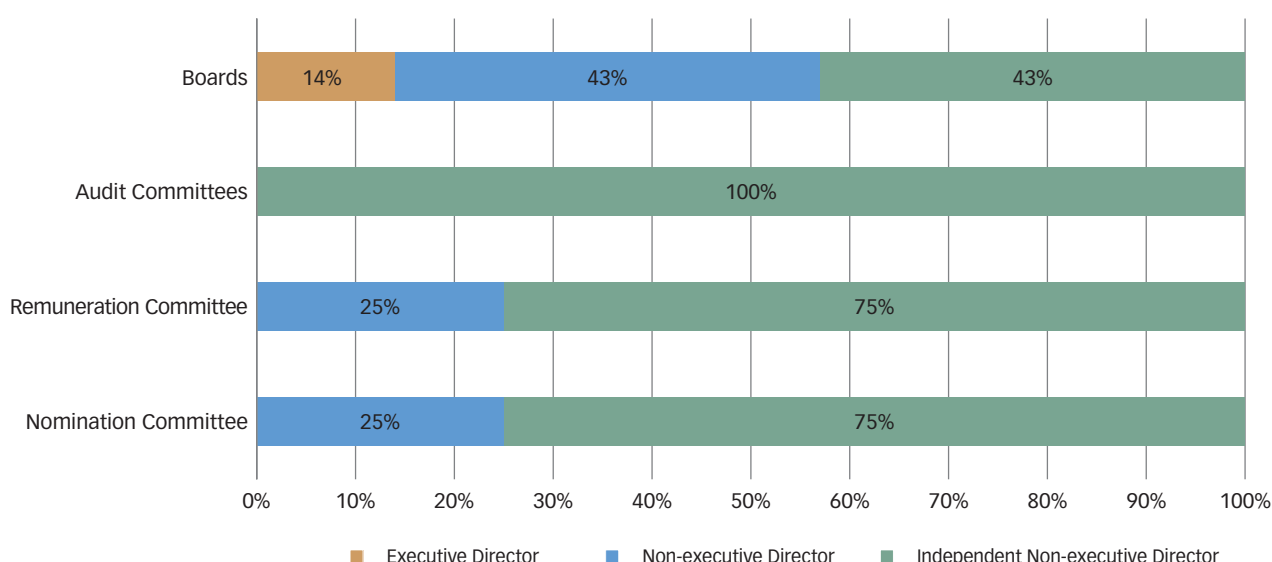
Remarks:
ED – Executive Director
NED – Non-executive Director
INED – Independent Non-executive Director

CORPORATE GOVERNANCE REPORT

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
Independence Assessment	Confirmation of independence 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.

CORPORATE GOVERNANCE REPORT

Measures	Mechanisms to ensure independence
	<p>Time Commitments</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>Disclosure of Interest</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>Appointment Process</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>
Proceedings of the Boards	<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>
Board Decision Making	<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>

CORPORATE GOVERNANCE REPORT

Measures	Mechanisms to ensure independence
Supply and Access to Information	<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>
Induction and Continuing Development	<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>
Remuneration of Independent Non-executive Directors	<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.

CORPORATE GOVERNANCE 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. 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	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• 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

CORPORATE GOVERNANCE REPORT

Summary of Key Matters Reserved for the Board

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

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.

CORPORATE GOVERNANCE REPORT

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
Non-executive Directors						
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
Attendance Rate	100%	–	100%	100%	100%	100%
Executive Director						
Brett Stephen BUTCHER (<i>Chief Executive Officer</i>)	4/4	–	–	–	1/1	1/1
Attendance Rate	100%	–	–	–	100%	100%
Independent Non-executive Directors						
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
Attendance Rate	100%	100%	100%	100%	100%	100%
Overall Attendance Rate	100%	100%	100%	100%	100%	100%

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
Non-executive Directors						
LO Ka Shui (<i>Chairman</i>)	✓	✓	✓	✓	✓	11.5
LO Chun Him, Alexander	✓	✓	✓	✓	✓	11.5
LO Chun Lai, Andrew	✓	✓	✓	✓	✓	11.5
Executive Director						
Brett Stephen BUTCHER (<i>Chief Executive Officer</i>)	✓	✓	✓	✓	✓	11.5
Independent Non-executive Directors						
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

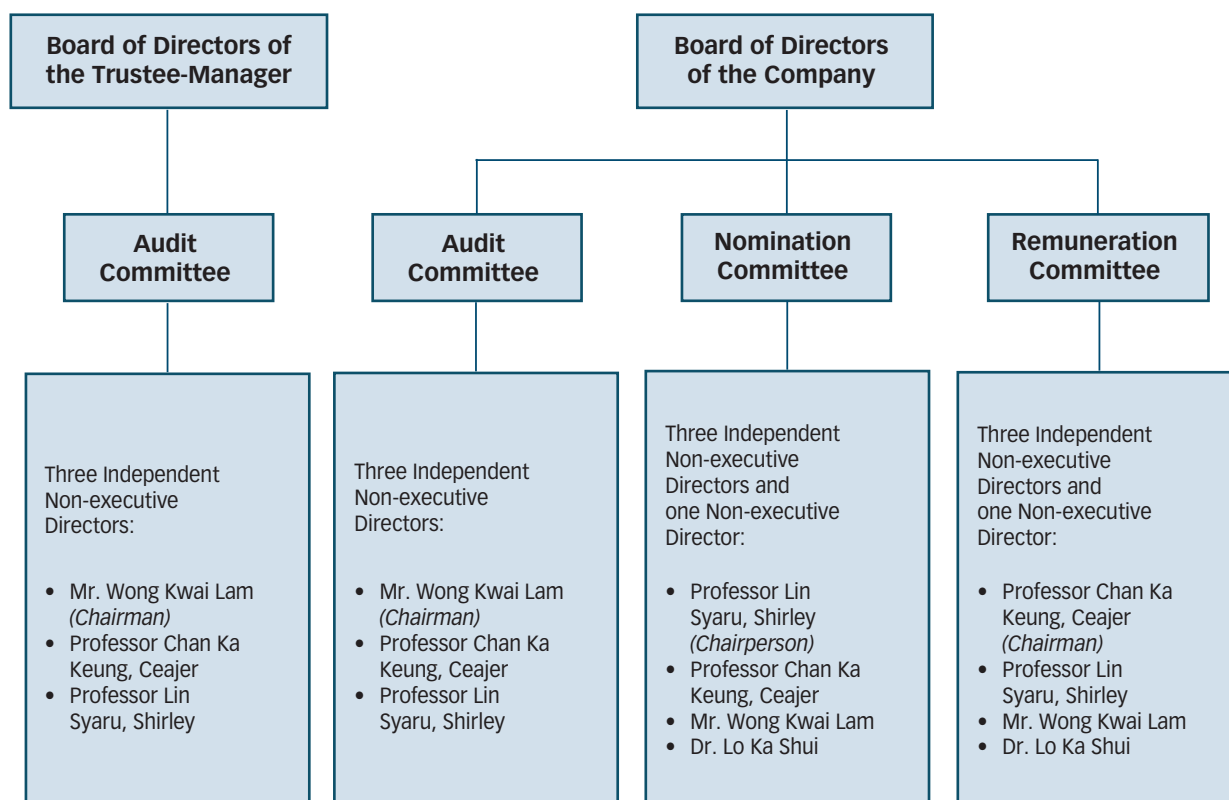
During the year ended 31 December 2024, appropriate Directors' and Officers' liabilities insurance coverage had been arranged in respect of legal action that might be taken against the Directors and officers of the Trustee-Manager and the Company.

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) 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:

Primary areas of duties	Summary of major work done of the Audit Committees in 2024
Disclosure of Financial Information	<ul style="list-style-type: none"> reviewed the draft 2024 Interim Report and interim results announcement of the Trust and the Company for the period ended 30 June 2024 reviewed the draft 2023 Annual Report and final results announcement of the Trust and the Company for the year ended 31 December 2023 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"> the review on the fair value of the three investment properties of the Trust Group; the potential oversight by management in financial reporting process; the assessment of going concern basis in connection with the net current liabilities status of the Trust Group and the Group; and the review on the fair value of derivate financial instruments – interest rate swaps.
Risk Management and Internal Control	<ul style="list-style-type: none"> reviewed the significant findings and recommendations from the internal auditor reviewed the effectiveness of the risk management and internal control systems of the Trust, the Company and the Trustee-Manager
Reports from External Auditor	<ul style="list-style-type: none"> 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
Re-appointment of External Auditor	<ul style="list-style-type: none"> 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

CORPORATE GOVERNANCE REPORT

Primary areas of duties	Summary of major work done of the Audit Committees in 2024
Connected Transactions	<ul style="list-style-type: none"> 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
Legal and Regulatory Compliance	<ul style="list-style-type: none"> 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
Great Eagle ROFR Deed	<ul style="list-style-type: none"> reviewed and adopted the corporate governance measures in respect of the operation of the Great Eagle ROFR Deed reviewed the implementation and compliance of the Great Eagle ROFR Deed 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

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
Board Composition	<ul style="list-style-type: none">reviewed the structure, size, and composition (including the skills, knowledge and experience) of the Company Board and the contributions required from the Board membersreviewed Directors' time commitment to the affairs of the Trust and the Company through, inter alia, their meeting attendance and other listed companies' directorships
Board Independence Mechanisms	<ul style="list-style-type: none">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
Independence of Independent Non-executive Directors	<ul style="list-style-type: none">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")
Appointment or Re-appointment of Directors	<ul style="list-style-type: none">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

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.

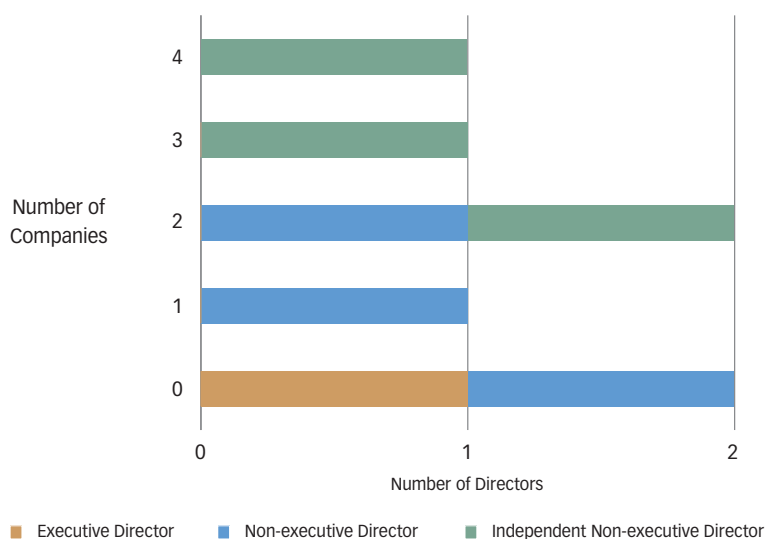
Professor Lin does not have any relationship with any Directors, senior management, substantial or controlling Holders of Share Stapled Units of the Trust and the Company. She has confirmed that she has no material interest, either directly or indirectly, in any business that competes with the Trust 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
Remuneration Packages of Executive Director and Management	<ul style="list-style-type: none">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
Remuneration of Non-executive Directors and Independent Non-executive Directors	<ul style="list-style-type: none">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 Kongreviewed 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

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

Basic Compensation

- includes basic salary, retirement benefits and other allowances
- 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

Bonus and Incentives

- vital to align the interest of the executives with that of Unitholders
- 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

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\$)
<i>Board of Directors</i>	
• Executive Director	50,000
• Non-executive Director	170,000
• Independent Non-executive Director	220,000
• Chairman	270,000
<i>Audit Committee</i>	
• Chairman	100,000
• Committee Member	50,000
<i>Remuneration Committee</i>	
• Chairman	50,000
• Committee Member	25,000
<i>Nomination Committee</i>	
• 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
Audit services	1,312	20
Non-audit services		
Interim review fee	386	–
Other review fees including continuing connected transactions review, etc.	98	2
Total	1,796	22

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) 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.

Corporate Website and Corporate Communication	<ul style="list-style-type: none">• Our corporate website (www.langhamhospitality.com) 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.• 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.• 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.
General Meetings	<ul style="list-style-type: none">• 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.
Enquiries from the Unitholders	<ul style="list-style-type: none">• 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 enquiry@langhamhospitality.com.

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 ^(Note)
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

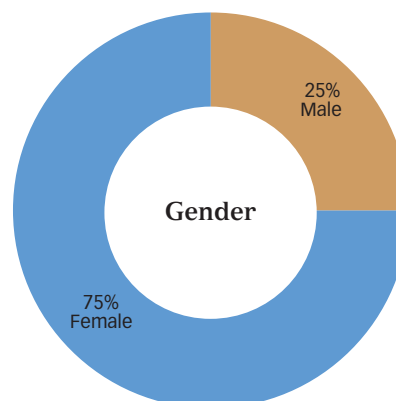
The Trust Group does not manage the daily operations of the Hotels. The Hotel Manager is responsible for the management of and all sales, marketing and advertising activities in relation to the Hotels pursuant to the Hotel Management Agreements. The Hotel Manager has a team of well-experienced operational 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.

REPORT OF THE DIRECTORS

The Trustee-Manager Board and the Company Board have pleasure in presenting the annual report together with the audited consolidated financial statements of the Trust Group for the year ended 31 December 2024.

The Trustee-Manager Board also presents its audited financial statements of the Trustee-Manager for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Trust

The Trust is constituted, upon and subject to the terms and conditions of the Trust Deed entered into between the Trustee-Manager and the Company, as a fixed single investment trust in Hong Kong. The scope of activity of the Trust is limited to investing in the Company.

The Company

The principal activities of the Group are primarily to own and invest in a portfolio of hotels, with a focus on completed hotels located in Asia. The current hotel portfolio of the Group comprises The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK.

The principal activities and other particulars of the Company's principal subsidiaries as at 31 December 2024 are set out in note 36 to the consolidated financial statements of the Trust Group.

The Trustee-Manager

The Trustee-Manager has a specific and limited role to administer the Trust. The Trustee-Manager is not actively engaged in running the businesses operated by the Trust Group.

BUSINESS REVIEW

Business Performance and Future Prospects

A detailed review on the Trust Group's business performance during the reporting period, as well as the future prospects of the Trust Group are set out in the "Chairman's Statement" and "CEO's Review" on pages 15 to 24 of this Annual Report, the discussions thereof form part of this Directors' Report.

The Trust Group is committed to the preservation of its reputation and integrity through compliance with applicable laws, rules and regulations ("Laws"). Control procedures are in place to ensure compliance with Laws which have a significant impact on the Group in conduct of its business including Securities and Futures Ordinance, the Listing Rules, the Takeovers Code and those related to personal data privacy, copyrights and intellectual property, anti-money laundering, occupational health and safety, environmental protection, hotel operations and business licences. The Trust Group will not be obliged to do anything if by doing so it would or might cause the Group to breach any applicable laws. The Trust Group has also 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 it is updated from time to time in accordance with the Listing Rules requirements.

Risks and Uncertainties

The Trustee-Manager Board and the Company Board are aware that the Trust Group is exposed to various risks, including the risks that are specific to the Trust Group or the hospitality industry as well as other risks that are common to most if not all other businesses. The Trustee-Manager Board and the Company Board have established a practice to ensure that significant risks which may adversely affect the Trust Group's performance are identified, reported, monitored, and managed on a continuous basis. The following principal risks and uncertainties are considered to have the potential to adversely affect the Trust Group's performance if they are not managed effectively.

REPORT OF THE DIRECTORS

Revenue Stability

The Trust Group's primary source of income is rental payments for the lease of the Hotels under the Master Lease Agreements, comprising a Base Rent and a Variable Rent.

In accordance with the provisions in the Master Lease Agreements, the Company appointed an independent professional property valuer, Vigers, to conduct a rental review to determine the market rental package of the Hotels (including the market rent of the Hotels and the applicable percentage of the Variable Rent) for the period from 1 January 2024 to 29 May 2027 (i.e. the expiry date of the Master Lease Agreements) (the "Third Period"). Vigers determined that the market rental package of the Hotels for the Third Period shall be composed of (i) a Base Rent being fixed at HK\$225.0 million per annum under the Master Lease Agreements; and (ii) a Variable Rent being 50% instead of 70% of the Hotels' aggregate Gross Operating Profit before deduction of the Global Marketing Fee on an annual basis. An ordinary resolution in relation to the approval of the remaining transactions under the Master Lease Agreements for the Third Period, and the Base Rent and Variable Rent during the Third Period was passed by independent Holders of Share Stapled Units at the extraordinary general meeting of the Trust and the Company held on 21 July 2023.

There could be no guarantee that the actual revenue derived from the Hotels would be equivalent to the Base Rent and the Variable Rent payable under the Master Lease Agreements. To mitigate the risk, we have adopted the Active Asset Management Strategy with the following major measures:

- Supervise the Master Lessee and the Hotel Manager to enhance the quality and value of the Hotels, and to achieve growth in operating performance
- Conduct board meetings at least quarterly to assess and monitor the Hotels' performance

- Review the Hotels' performance monthly
- Review the Hotels' future three months' outlook and booking pace
- Continuously monitor the Hotels' operating costs

The Master Lease Agreements will expire in May 2027. Non-renewals of the agreements may have a material adverse effect on the Trust Group as it would result in the Trust Group of ceasing to enjoy the guaranteed minimum revenue payable as the Base Rent under the Master Lease Agreements. It may also be difficult to enter into alternative leasing arrangements on similar terms to the Master Lease Agreements if the master leasee is not the hotel manager. The revenue of the Trust Group may experience fluctuations and variations by the time the Master Lease Agreements reach their conclusion.

Hong Kong's Hospitality Industry

The Hong Kong hospitality industry relies on the number of potential travellers coming to Hong Kong and is closely linked to the development of tourist activity here. The desire of tourists to visit Hong Kong is impacted by various external factors that are outside our control, including adverse global, regional, or local economic conditions, social factors, travel warnings issued by other countries, travel disruptions, viral epidemics and fluctuations in the Hong Kong dollar exchange rate against other currencies. In addition, travel disruptions arising from viral epidemics, natural disasters, adverse weather conditions, terrorist acts, riots or civil disturbances may have an adverse impact on the number of travellers coming to Hong Kong. The Trustee-Manager Board and the Company Board cannot predict these events and the extent to which they will directly or indirectly impact the hospitality industry in Hong Kong.

REPORT OF THE DIRECTORS

Changing Tourists' Behaviour and Locals' Spending Habits

A substantial portion of the Trust Group's revenue is derived from Variable Rent which is exposed to the underlying performance of the Hotels.

Following the reopening of the Mainland border and a raft of mega events, Hong Kong tourism sectors are on a recovery trajectory and have shown signs of revival. Most evidently, tourist number including overnight visitor numbers showed a positive growth. According to the data of Hong Kong Tourism Board ("HKTB"), there was a notable rise in the total number of visitors in 2024. Despite the steady return of tourists, the hotel sector has not enjoyed a similar boost due to the changing tourists' behaviour and locals spending habits. Citing HKTB, the length of stay and per-capita spending of visitors dropped throughout the year of 2024 and as compared to 2023. Visitors are getting more budget-conscious and spending less in Hong Kong and their choice of hotel is directly affected. From the statistics of HKTB, it showed that High Tariff A Hotels lagged the market in terms of the occupancy rates. This change of tourists' behaviour and spending pattern may disrupt the Hotel's performance. In addition to the above, the growing trend of locals dining in the Greater Bay Area outside Hong Kong also affects the food and beverage revenue of the Hotels.

The Trust Group proactively repositioned its hospitality service operating modes in order to attract and retain guests to stay in the Hotels, stabilise the Hotels' occupancy and average room rate and to cope with any challenges. In all, the Trust Group has strived to maintain stability of its operations in Hong Kong.

Labour Shortage in Hospitality Industry

The hospitality industry as a labour-intensive sector is facing a severe shortage of labour. Affected by the restrictions related to COVID-19 pandemic, many hotels and restaurants were forced to shorten working hours for staff, reduce pay or even lay off the workers. As a result, many workers switched to other industries with better working conditions and less volatile. Despite the business recovery in the tourism sectors, the loss of labour cannot be returned. It has become difficult for recruiting and retaining staff, let alone the skillful workers who have more choices of work opportunities and bargaining power. The labour shortage would negatively affect the Hotels' service excellence and operational efficiency, and eventually the business performance. Consequently, together with the inevitable increase in labour costs, the Hotels' operating profits may be reduced and directly impact the Variable Rent which is a substantial portion of the Trust Group's revenue.

To attract and retain staff, the Hotel Manager regularly reviews the Hotels' compensation and benefits packages to stay competitive in the market and offers continuous trainings and development opportunities for staff. Additionally, efforts are made to diversify labour sourcing and implement succession planning.

REPORT OF THE DIRECTORS

Cyber-security and Data Protection

The Trust Group and our third-party suppliers process significant amount of data including personal information, customer data and other sensitive commercial data which are susceptible to cyber threats. Loss of data and leaks of confidential information from cyber-attacks will cause reputational damage from losses to the brand value and substantial financial losses due to business interruption and fraudulent transactions.

To mitigate the risk of cyber-attacks, the Trust Group has implemented several IT controls such as password management, restriction of the use of USB drives and public cloud file transfer services, multiple factor authentication on company accounts, and system backup and disaster recovery facilities. Additionally, the Centralised Information Security Service ("CISS") has also been implemented in the Hotels to ensure their information security technology meets hospitality industry standards. The CISS includes provision of virus and malware detection and protection, scanning and patching hotel IT infrastructure vulnerabilities, blocking risky external IP addresses, and protection against ransomware, malware and spear phishing. Besides IT measures, policies on information and cyber security and privacy are regularly reviewed and updated. Annual staff trainings and bi-annual phishing test campaigns are conducted to enhance cybersecurity knowledge and raise awareness. In addition, cyber insurance covering the latest cyber risks has been acquired, which would also offset costs involved with recovery after a cyber-related security breach or similar event.

Environmental and Climate Change

The main threats of climate change stemming from the increasing temperature of Earth's atmosphere include rising sea levels, ecosystem collapse, and more frequent extreme weather. Extreme weather events may increase the risks of disruption of the Trust Group's business operations and supply chain, and physical damage to the Hotels which could adversely affect their valuation. The Trust Group has been committed to enacting various sustainable strategies and practices in response to climate change risks. More details on how the Trust Group addresses the environmental and climate-related risks are set out in the "Environmental, Social and Governance Report" on pages 30 to 60 of this Annual Report.

The Trust Group's Financial Instruments

The Trust Groups' major financial instruments include derivative financial instruments, other receivables, bank balances, trade creditors, other payables, construction fee payables and secured bank loans. Details of the financial instruments are disclosed in respective notes. The risks associated with the Groups' financial instruments include market risk (interest rate risk), credit risk and liquidity risk. Details of the same, and the policies on how to mitigate these risks, are set out in note 28 to the consolidated financial statements contained in this Annual Report. Management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

REPORT OF THE DIRECTORS

Hotels' Valuation

The valuation of the investment properties of the Trust Group is based on a discounted cash flow analysis for the Hotels and an income capitalisation approach for the retail shops. Under a discounted cash flow analysis, the periodic net operating income, along with, where applicable, an estimate of the terminal value anticipated at the end of the relevant projection period, is then discounted to its net present value.

Fair value gains would not generate a flow of funds from which distributions could be paid. In the case of losses arising from changes in fair value of the investment properties of the Trust Group, this could have an adverse impact on its ability to comply with the financial covenants under the loan agreements, particularly the loan-to-value covenant, and may also lead to an adverse market perception of the performance of its business, even though such losses are not realised.

During the year, the Trust Group successfully secured a syndicated loan facility agreement with a consortium of financial institutions. This strategic move was essential for refinancing the loan facility that matured in December 2024, thereby ensuring the continued financial stability of the Trust Group.

The Trust Group will closely monitor its debt and cash position. Cash flow forecasts with sensitivity analysis will be prepared to ensure that all sources of liquidity risk are identified to evaluate the impact of different levels of business activity in relation to the existing loan facilities.

Hotel Renovations

The cost of maintaining the Hotels, the need to renovate or redevelop and the risk of unforeseen maintenance or repair requirements tend to increase over time as the Hotels age. If the operation of the Hotels or the restaurant or catering facilities is disrupted as a result of such repairs and/or maintenance, this will adversely affect the results of the Hotels' operations and reduce the level of Variable Rent payable to the Trust Group. In view of the above, the following control activities are identified and implemented by the Trust Group:

- The Trust Group has obtained additional revolving banking facilities to meet any unforeseen renovations.
- The Trust Group will communicate with the Project Manager on cash requirements for hotel renovations on an on-going basis and renovation progress reports will be reviewed regularly.
- The Trust Group will review its cash position on a regular basis.

The Trust Group shall continue to improve its hotel services and facilities to ensure that customers continue to enjoy an unforgettable experience.

REPORT OF THE DIRECTORS

Consistency of Distributions

Pursuant to the Hotel Management Agreements and the Trademark Licence Agreements (the “Hotel Agreements”) dated 10 May 2013, and amended and supplemented by the addendum dated 8 May 2024, the Hotel Manager’s Fees payable from 1 January 2018 onwards shall be settled by way of cash, the issue of Share Stapled Units, or a combination of both, at the election of the Hotel Manager. If the payment of Hotel Manager’s Fees are to be settled by way of issue of Share Stapled Units, the SSU issuance cap and public float requirement under the Listing Rules have to be taken into account to avoid any violation of the rules and regulations. In the event that the allotment and issue of Share Stapled Units results in non-compliance with the public float requirement, a three-year deferment mechanism will be triggered to allow more batches to issue within three years of the payment deadline. The Hotel Manager has elected the payment of the Hotel Manager’s Fees wholly by way of cash for the year ending 31 December 2025 and accordingly, the available amount for distribution to Holders of Share Stapled Units for the year ending 31 December 2025 will decrease. If the Hotel Manager elects the payment of Hotel Manager’s Fees by way of cash for the subsequent years, the available amount for distribution to Holders of Share Stapled Units will decrease accordingly.

The Active Asset Management Strategy as mentioned above has been adopted with the aim of enhancing the financial performance of the Trust Group. Further efforts will be made to establish an investor relations strategy to help the Trust to engage with current and prospective investors and analysts.

DISTRIBUTION

Distributable Income

Total distributable income is the profit for the year attributable to Holders of Share Stapled Units as adjusted to eliminate the effects of adjustments (as set out in the Trust Deed). Details of which are set out in notes 11 and 12 to the consolidated financial statements of the Trust Group.

Final Distribution

The Trustee-Manager Board and the Company Board have recommended the payment of a final distribution of HK\$1.6 cents per Share Stapled Unit for the year ended 31 December 2024 to the Holders of Share Stapled Units whose names appear on the Share Staples Units Register on 21 May 2025. Subject to the approval of the Holders of Share Stapled Units at the forthcoming 2025 AGM, the payment of the final distribution will be made on 4 June 2025.

FINANCIAL SUMMARY

A summary of the results and of the assets and/or liabilities of the Trust Group is set out on page 197 of this Annual Report.

MOVEMENTS IN RESERVES

Details of the movements in the reserves of the Trust Group during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity.

FIXED ASSETS

Details of the movements in the property, plant and equipment of the Trust Group during the year are set out in note 17 to the consolidated financial statements of the Trust Group.

INVESTMENT PROPERTIES

Movements in the investment properties of the Trust Group during the year ended 31 December 2024 are set out in note 18 to the consolidated financial statements. All of the Trust Group’s investment properties were revalued by independent professional property valuer as at 31 December 2024 adopting income approach by using discounted cash flow analysis for the Hotels and income capitalisation approach for the retail shops to arrive at the valuation of investment properties.

Details of the investment properties of the Trust Group as at 31 December 2024 are set out in the “Schedule of Investment Properties” on page 196 of this Annual Report.

REPORT OF THE DIRECTORS

ISSUED SHARE STAPLED UNITS

As at 31 December 2024, the total number of issued Share Stapled Units of the Trust and the Company was 3,433,546,645. A total of 114,677,639 new Share Stapled Units were issued during the year, representing 3.34% of the total number of issued Share Stapled Units as at 31 December 2024.

Date	Particulars	No. of Share Stapled Units
31 December 2023	Total number of issued Share Stapled Units	3,318,869,006
9 May 2024	Issue of new Share Stapled Units at the price of HK\$0.646 per Share Stapled Unit as payment of the Hotel Management Fees and Licence Fees (collectively the "Hotel Manager's Fees") to the Hotel Manager of HK\$35,809,456 for the second half of 2023	55,432,596
30 August 2024	Issue of new Share Stapled Units at the price of HK\$0.499 per Share Stapled Unit as payment of the Hotel Manager's Fees to Hotel Manager of HK\$29,563,276 for the first half of 2024	59,245,043
31 December 2024	Total number of Issued Share Stapled Units	3,433,546,645

BUY-BACK, SALE OR REDEMPTION OF SHARE STAPLED UNITS

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

During the year ended 31 December 2024, none of the Trust, the Trustee-Manager, the Company and the Company's subsidiaries had bought back, sold or redeemed any Share Stapled Units.

REPORT OF THE DIRECTORS

DIRECTORS

In accordance with clause 29.1(a) of the Trust Deed, the Directors of the Trustee-Manager shall be the same individuals who serve as Directors of the Company. The Directors of the Trustee-Manager Board and the Company Board during the year 2024 are set out as follows:

Non-executive Directors

Dr. LO Ka Shui (*Chairman*)
Mr. LO Chun Him, Alexander
Mr. LO Chun Lai, Andrew

Executive Director

Mr. Brett Stephen BUTCHER (*Chief Executive Officer*)

Independent Non-executive Directors

Professor CHAN Ka Keung, Ceajer
Professor LIN Syaru, Shirley
Mr. WONG Kwai Lam

In accordance with clause 29.2(m) of the Trust Deed and Article 16.21 of the Company's Articles, Dr. Lo Ka Shui, Mr. Brett Stephen Butcher and Professor Lin Syaru, Shirley shall retire from office at the 2025 AGM and, being eligible, offer themselves for re-election.

DIRECTORS', OFFICER'S AND MANAGEMENT'S BIOGRAPHIES

The biographical details of the Directors of the Trustee-Manager and the Company, and officer and management of the Company are set out on pages 25 to 29 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Trustee-Manager or the Company or any of the subsidiaries of the Company which is not determinable by the employer within one year without payment of compensation (other than statutory compensations).

DIRECTORS' EMOLUMENTS

Details of emoluments of the Directors of the Company are set out in note 14 to the consolidated financial statements of the Trust Group.

Pursuant to the terms of letters of appointment/employment contract, all emoluments of the Directors shall be borne by the Company.

PERMITTED INDEMNITY

The Trust Deed, the Company's Articles and the articles of association of Trustee-Manager provide that every Director is entitled to be indemnified out of the assets of the Trust or the Company against all losses or liabilities incurred or sustained by him/her as a Director of the Trustee-Manager and the Company.

Pursuant to the Trust Deed, the Trustee-Manager shall, save in the case of fraud, wilful default or negligence, be entitled to have recourse to the Trust Property (as defined in the Trust Deed) and shall incur no personal liability in respect of any losses or liabilities which may arise directly or indirectly from such engaging in any Authorised Business (as defined in the Trust Deed).

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 Officer of the Trustee-Manager and the Company.

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARE STAPLED UNITS, UNDERLYING SHARE STAPLED UNITS AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors or chief executives of the Trustee-Manager and the Company in the Share Stapled Units, underlying Share Stapled Units and debentures of the Trust and the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) and the Model Code, or which were recorded in the register required under Section 352 of the SFO are as follows:

Long Positions in Share Stapled Units and Underlying Share Stapled Units

Name of Directors	Capacity	Nature of Interests	Number of SSUs/ Underlying SSUs Held	Percentage of Issued SSUs ⁽²⁾	Total
LO Ka Shui	Beneficial Owner	Personal Interests	31,584,000	0.92)	
)	
	Interests of Controlled Corporations	Corporate Interests	2,448,446,567 ⁽¹⁾	71.31)	
)	
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Trust Interests	90,010,250	2.62)	74.85
Brett Stephen BUTCHER	Beneficial Owner and Jointly with Spouse	Joint Interests	2,170,545	0.06	0.06
LO Chun Lai, Andrew	Beneficial Owner	Personal Interests	300,000	0.01	0.01

Notes:

(1) These 2,448,446,567 Share Stapled Units comprise the following:

- (i) 2,445,356,567 Share Stapled Units respectively held by LHIL Assets Holdings Limited as to 2,301,412,067 Share Stapled Units (67.03%), Fine Noble Limited as to 87,894,750 Share Stapled Units (2.56%), The Great Eagle Company, Limited as to 47,102,250 Share Stapled Units (1.37%) and Great Eagle Nichemusic Limited as to 8,947,500 Share Stapled Units (0.26%), all of the said companies are wholly-owned subsidiaries of Great Eagle. Dr. Lo Ka Shui is a substantial shareholder, the Chairman and Managing Director of Great Eagle. His interests in Great Eagle are disclosed on page 107; and
- (ii) 3,090,000 Share Stapled Units (0.09%) were held by two companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies.

(2) This percentage has been compiled based on 3,433,546,645 Share Stapled Units of the Trust and the Company in issue as at 31 December 2024.

REPORT OF THE DIRECTORS

Long Positions in Shares and Underlying Shares of Associated Corporations

Great Eagle

As at 31 December 2024, Great Eagle owned 71.22% interests in the Trust and the Company and therefore is an associated corporation of the Trust and the Company. The interests of Directors of the Trustee-Manager and the Company in Great Eagle as at 31 December 2024 are disclosed as follows:

Name of Directors	Capacity	Nature of Interests	Number of Ordinary Shares/ Underlying Shares Held	Percentage of Issued Share Capital ⁽⁶⁾	Total
LO Ka Shui	Beneficial Owner	Personal Interests	64,884,835 ⁽¹⁾	8.68)	
	Interests of Controlled Corporations	Corporate Interests	95,978,364 ⁽²⁾	12.83)	
	Discretionary Beneficiary of a Discretionary Trust	Discretionary Trust Interests	254,664,393	34.06)	
	Founder of a Discretionary Trust	Trust Interests	65,866,676	8.81)	64.38
Brett Stephen BUTCHER	Beneficial Owner	Personal Interests	716,000 ⁽³⁾	0.10)	
	Beneficial Owner and Jointly with Spouse	Joint Interests	31,433	0.00)	0.10
LO Chun Him, Alexander	Beneficial Owner	Personal Interests	1,145,488 ⁽⁴⁾	0.15	0.15
LO Chun Lai, Andrew	Beneficial Owner	Personal Interests	803,000 ⁽⁵⁾	0.11	0.11

Notes:

- (1) Among these interests, 3,392,000 were share options.
- (2) These interests were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies.
- (3) Among these interests, 664,000 were share options.
- (4) Among these interests, 1,017,000 were share options.
- (5) Among these interests, 193,000 were share options.
- (6) This percentage has been compiled based on 747,723,345 shares of Great Eagle in issue as at 31 December 2024.

REPORT OF THE DIRECTORS

Champion Real Estate Investment Trust ("Champion REIT")

Champion REIT is accounted for as a subsidiary of Great Eagle, the holding company of the Trust and the Company. As at 31 December 2024, Great Eagle owned 70.30% interests in Champion REIT. While the definition of "associated corporation" under the SFO caters only to corporations, for the purpose of enhancing the transparency, the holdings of Directors of the Trustee-Manager and the Company in Champion REIT as at 31 December 2024 are disclosed as follows:

Name of Director	Capacity	Nature of Interests	Number of Units/ Underlying Units Held	Percentage of Issued Units ⁽²⁾	Total
LO Ka Shui	Beneficial Owner	Personal Interests	3,592,007	0.06)	
)	
	Interests of Controlled Corporations	Corporate Interests	4,278,141,059 ⁽¹⁾	70.35)	
)	
	Settlor and a Member of the Advisory Committee and Management Committee of a Charitable Trust	Trust Interests	9,011,000	0.15)	70.56

Notes:

(1) These 4,278,141,059 units comprise the following:

- (i) 4,274,882,449 units (70.30%) were indirectly held by Great Eagle of which Dr. Lo Ka Shui is a substantial shareholder, the Chairman and Managing Director. His interests in Great Eagle are disclosed on page 107; and
- (ii) 3,258,610 units (0.05%) were held by certain companies wholly-owned by Dr. Lo Ka Shui. Dr. Lo Ka Shui and Mr. Lo Chun Him, Alexander are directors of these companies.

(2) This percentage has been compiled based on 6,080,814,685 units of Champion REIT in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executives of the Trustee-Manager and the Company were taken to be interested or deemed to have any other interests or short positions in Share Stapled Units, underlying Share Stapled Units or debentures of the Trust and the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code, or which were recorded in the register required under Section 352 of the SFO.

REPORT OF THE DIRECTORS

INTERESTS OF SUBSTANTIAL HOLDERS IN SHARE STAPLED UNITS

As at 31 December 2024, the interests and short positions of persons (other than the Directors or chief executives of the Trustee-Manager and the Company) in the Share Stapled Units or underlying Share Staple Units of the Trust and the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required under Section 336 of the SFO as having an interest in 5% or more of the issued Share Stapled Units of the Trust and the Company are as follows:

Name	Total Number of SSUs/ Underlying SSUs Held	Percentage of Issued SSUs ⁽³⁾
Great Eagle Holdings Limited	2,445,356,567 ⁽¹⁾	71.22
LHIL Assets Holdings Limited	2,301,412,067	67.03
HSBC International Trustee Limited	2,448,103,067 ⁽²⁾	71.30

Notes:

- (1) These 2,445,356,567 Share Stapled Units were indirectly held by Great Eagle through its wholly-owned subsidiaries in the following manner:
 - (i) the same parcel of Share Stapled Units held by LHIL Assets Holdings Limited as disclosed in the above table;
 - (ii) 87,894,750 Share Stapled Units (2.56%) held by Fine Noble Limited;
 - (iii) 47,102,250 Share Stapled Units (1.37%) held by The Great Eagle Company, Limited; and
 - (iv) 8,947,500 Share Stapled Units (0.26%) held by Great Eagle Nichemusic Limited.
- (2) The disclosure was based on the latest Disclosure of Interest Form (with the date of relevant event as at 30 August 2024) of the Trust and the Company received from HSBC International Trustee Limited ("HITL").

HITL in its capacity as a trustee of several discretionary trusts held 315,009,622 shares in Great Eagle as at 31 December 2024 based on the latest Disclosure of Interest Form (with the date of relevant event as 21 June 2021) of Great Eagle received from HITL.
- (3) This percentage has been compiled based on 3,433,546,645 Share Stapled Units of the Trust and the Company in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, no person (other than the Directors or chief executives of the Trustee-Manager and the Company whose interests are set out on page 106) was interested (or deemed to be interested) or held any short positions in the Share Stapled Units or underlying Share Stapled Units of the Trust and the Company which would fall to be disclosed to the Trustee-Manager and the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required under Section 336 of the SFO.

REPORT OF THE DIRECTORS

DIRECTORS' INTEREST IN COMPETING BUSINESSES

The interests of Directors (other than Independent Non-executive Directors) in a business apart from the business of the Trust Group which competes or is likely to compete, either directly or indirectly, with the Trust Group's business as informed by the relevant Directors pursuant to Rule 8.10(2) of the Listing Rules are as follows:

Dr. Lo Ka Shui, being the Chairman and Non-executive Director of the Trustee-Manager and the Company, Mr. Brett Stephen Butcher, being the Chief Executive Officer and Executive Director of the Trustee-Manager and the Company, and Mr. Lo Chun Him, Alexander and Mr. Lo Chun Lai, Andrew, both being the Non-executive Directors of the Trustee-Manager and the Company, hold directorships and/or senior management positions in Great Eagle and/or subsidiary(ies) of Great Eagle.

The Great Eagle Group, as an associated corporation of the Trust and the Company and a controlling Holder of Share Stapled Units, develops, invests in and manages high quality residential, offices, retail and hotel properties in Asia, North America, Australasia and Europe. The interests of Dr. Lo Ka Shui, Mr. Brett Stephen Butcher, Mr. Lo Chun Him, Alexander and Mr. Lo Chun Lai, Andrew held in Great Eagle are disclosed in the section headed "Long Positions in Shares and Underlying Shares of Associated Corporations".

As mentioned in the Corporate Governance Report, the Great Eagle Group and the Trust Group have distinct business focuses of their own and adopt different development strategies. The Trust Group focuses on optimising the performance of its three hotel properties in Hong Kong, namely The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK, and adopts a growth strategy of investing in completed stand-alone hotels in Asia. The Great Eagle Group, on the other hand, focuses on developing its global hotel management services operations and brand building.

To further maintain a clear delineation of the geographical location of their hotel properties in and outside Asia, a Deed of Right of First Refusal was entered into between Great Eagle and the Company to ensure the Trust Group would have the first right to participate and to acquire completed stand-alone hotels in Asia (excluding Australia and New Zealand) should the Great Eagle Group wish to sell or is given the opportunity to invest in these hotels.

As for daily operation, the Chief Executive Officer and Executive Director of the Trustee-Manager and the Company is primarily responsible for the overall day-to-day management of the Group and has oversight of the performance of the Master Lessee and the Hotel Manager. The management team and staff of the Group report directly to the Chief Executive Officer and Executive Director and he is accountable to the Trustee-Manager Board and the Company Board, operates and manages the Trust Group under various corporate governance measures and the Schedule of Matters Reserved for the Board with due care and in the best interests of the Trust Group and Unitholders.

In addition, the Trust Group has established various corporate governance measures to address any potential conflict of interest of the common Directors of the Trust Group and the Great Eagle Group. For details, please refer to the Corporate Governance Report.

In view of the above, the Directors believe that the Trust Group is able to operate independently with the Great Eagle Group and has been capable of carrying on its businesses at arm's length from the businesses of the Great Eagle Group.

REPORT OF THE DIRECTORS

DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Details of the connected transactions and continuing connected transactions are set out in this report and note 35 to the consolidated financial statements. Save as disclosed above, there was no transaction, arrangement or contract of significance subsisted during or at the end of the year to which the Trustee-Manager, the Company or any of its subsidiaries, substantial Unitholders, holding company or fellow subsidiaries was a party and in which a Director of the Trustee-Manager and the Company or his/her connected entity is or was materially interested, either directly or indirectly.

MANAGEMENT AND/OR ADMINISTRATION CONTRACT

On 10 May 2013, the Company and Great Eagle entered into an Administrative Support Services Agreement pursuant to which the Great Eagle Group provides certain administrative and non-management services to the Trust Group, including 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 for an initial term of three years and shall be automatically renewed for a further term of three years each upon expiration of any such term, subject to compliance with the applicable disclosure and reporting requirements under the Listing Rules. The sharing of the above administrative services is an exempted connected transaction under Rule 14A.98 of the Listing Rules.

Great Eagle is a controlling Holder of Share Stapled Units of the Trust and the Company. Dr. Lo Ka Shui, being the Chairman and Non-executive Director of the Trustee-Manager and the Company, is a substantial shareholder, the Chairman and Managing Director of Great Eagle. Mr. Brett Stephen Butcher, being the Chief Executive Officer and Executive Director of the Trustee-Manager and the Company, is currently the Executive Advisor of the hotel asset management arm of Great Eagle and was also the former Chief Executive Officer of Langham Hospitality Group ("LHG"), the hospitality arm of Great Eagle. Mr. Lo Chun Him, Alexander, being a Non-executive Director of the Trustee-Manager and the Company, is an Executive Director of Great Eagle. Mr. Lo Chun Lai, Andrew, being a Non-executive Director of the Trustee-Manager and the Company, is the Managing Director – Hospitality Asset Management of LHG. Details of the interests and shareholdings of Dr. Lo Ka Shui, Mr. Brett Stephen Butcher, Mr. Lo Chun Him, Alexander and Mr. Lo Chun Lai, Andrew in Great Eagle are disclosed in the sections headed "Directors' Interest in Competing Businesses" and "Long Positions in Shares and Underlying Shares of Associated Corporations".

Saved as disclosed above, no contracts concerning the management and administration of the whole or any substantial part of the business of the Trustee-Manager or the Company were entered into or existing during the year.

REPORT OF THE DIRECTORS

DISCLOSURE OF CONNECTED TRANSACTIONS AND/OR CONTINUING CONNECTED TRANSACTIONS PURSUANT TO CHAPTER 14A OF THE LISTING RULES

Continuing Connected Transactions subject to Waivers granted by the Stock Exchange

As disclosed in the initial public offering prospectus dated 16 May 2013, agreements in relation to the continuing connected transactions as set out in paragraphs 1 to 4 below were entered prior to the listing of the Trust and the Company and waivers by the Stock Exchange from strict compliance with, *inter alia*, the announcement and approval of independent Holders of Share Stapled Units requirements of the Listing Rules had been granted. Principal details and conditions of the waivers are disclosed in the latter section headed “Waivers”.

		Aggregate Transaction Amount for the year ended 31 December 2024 (HK\$'000)
1.	Master Lease Agreements ^(a)	
	– Base Rent	225,000
	– Variable Rent ^(b)	254,481
2.	Hotel Management Agreements ^{(a)(b)(c)}	
	– Base fee	23,815
	– Incentive fee	22,608
3.	Centralised Services and Marketing Agreements ^{(a)(b)}	
	– Reimbursement of Costs ^(d)	14,074
	– Global Marketing Fee	17,112
	– Reservation Fees ^(d)	9,122
4.	Trademark Licence Agreements ^{(a)(b)(c)}	15,877
5.	Deed of Mutual Covenant and Management Agreement ^(a)	3,058

Notes:

- (a) Obtained waiver from the requirements of making announcement and/or obtaining independent Holders of Share Stapled Units' approval.
- (b) Obtained waiver from the requirement to set a monetary cap.
- (c) Obtained approval from independent Holders of Share Stapled Units to settle the fees payable for the three financial years ending 31 December 2026 in the form of Share Stapled Units subject to the election of the Hotel Manager.
- (d) Reimbursement of Costs and Reservation Fees are included in the operating expenses of the Hotels.

REPORT OF THE DIRECTORS

1. **Master Lease Agreements** – three separate lease agreements each dated 10 May 2013, and entered into between each of the Hotel Companies as the Lessors and GE (LHIL) Lessee Limited as the Master Lessee. The Master Lessee, being an indirect wholly-owned subsidiary of Great Eagle, which is a controlling Holder of Share Stapled Units of the Trust and the Company, is a connected person of the Trust and the Company under the Listing Rules.

Pursuant to the Master Lease Agreements, each of the Lessors has agreed to lease the hotel owned by it (excluding the designated outlets at Eaton HK) to the Master Lessee for a term of 14 years from and including 30 May 2013 (the Listing Date) and shall, subject to the compliance with the relevant requirements of the Listing Rules by the Company, be renewable by mutual agreement of the parties. The Master Lessee assumes such responsibilities as set out under the Hotel Management Agreements and bears all operating expenses in respect of the Hotels (other than payment of the Hotel Management Fees, the Licence Fees, the Global Marketing Fee, etc.), and delegates the management and operations obligations to the Hotel Manager of the respective Hotels under the terms of the Hotel Management Agreements.

Under the Master Lease Agreements, the Master Lessee has agreed to pay the Lessors an aggregate fixed Base Rent of HK\$225.0 million per annum (pro rata for any period of less than one year) and a Variable Rent for the whole term.

Based on the rental review conducted by Vigers pursuant to the Master Lease Agreements in 2019, it was determined that no change should be made to the market rental package of the Hotels for the period from 1 January 2020 to 31 December 2023 (the “Second Period”). The Variable Rent for the Second Period was calculated on the basis of 70% of the Hotels’ Aggregate Gross Operating Profit before deduction of the Global Marketing Fee payable by each of the Hotel Companies on an annual basis.

In May 2023, a further rental review was conducted by Vigers to determine the market rental package of the Hotels for the period from 1 January 2024 to 29 May 2027 (i.e. the expiry date of the Master Lease Agreements) (the “Third Period”). Vigers determined that the market rental package of the Hotels for the Third Period shall be composed of (i) a Base Rent being fixed at HK\$225.0 million per annum under the Master Lease Agreements; and (ii) a Variable Rent being 50% of the Hotels’ Aggregate Gross Operating Profit before deduction of the Global Marketing Fee on an annual basis, which is less than the 70% threshold as set out in the Master Lease Agreements. An ordinary resolution in relation to the approval of the remaining transactions under the Master Lease Agreements for the Third Period, and the Base Rent and Variable Rent during the Third Period was passed by independent Holders of Share Stapled Units at the extraordinary general meeting of the Trust and the Company held on 21 July 2023.

The Base Rent payable by the Master Lessee to the Lessors per annum under the Master Lease Agreements is HK\$225.0 million. The cap for the Variable Rent under the Master Lease Agreements is determined by reference to the formula for determining the Variable Rent. As the Stock Exchange granted a waiver (the “Monetary Cap Waiver”) from the setting of a monetary cap for the Variable Rent payable under the Master Lease Agreements for the duration of the Master Lease Agreements and the Monetary Cap Waiver is valid notwithstanding that the Variable Rent percentage for the Third Period is updated, no annual cap has been set on the Variable Rent in respect of the Third Period.

REPORT OF THE DIRECTORS

2. **Hotel Management Agreements** – three separate hotel management agreements each dated 10 May 2013, entered into by each Hotel Company, the Master Lessee, Langham Hotels International Limited as the Hotel Manager, the Trustee-Manager and the Company, and amended and supplemented by the Addendum (defined as below). As the Hotel Manager and the Master Lessee are both indirect wholly-owned subsidiaries of Great Eagle, which is a controlling Holder of Share Stapled Units of the Trust and the Company, they are connected persons of the Trust and the Company under the Listing Rules.

Pursuant to the Hotel Management Agreements, the Master Lessee has agreed to engage the Hotel Manager as the sole and exclusive manager of the Hotels to supervise, direct and control the businesses and day-to-day operations of the Hotels in accordance with the agreed standards of the relevant Hotel and to formulate and manage the annual plan and budget for each Hotel for an initial term of 30 years from and including 30 May 2013 (the Listing Date) and may, subject to compliance with the relevant Listing Rules at the relevant time, be renewed for a further term of 10 years by notice at the election of the Hotel Manager. Thereafter, the Hotel Management Agreements may be renewed for successive 10-year terms by mutual agreement of the parties subject to compliance with the requirement of the relevant Listing Rules at the relevant time. The service fees payable to the Hotel Manager under the Hotel Management Agreements shall be linked to the operating profit and revenue of the Hotels on the following basis:

- *Base Fee*: a fixed percentage of 1.5% of total revenue of the relevant Hotel
- *Incentive Fee*: a fixed percentage of 5.0% of the adjusted Gross Operating Profit (being gross operating profit less the Base Fee (as mentioned above) and Licence Fees payable under the relevant Trademark Licence Agreement)

The cap for the fees payable under the Hotel Management Agreements is determined by reference to the formulae for determining the fees payable pursuant to the Hotel Management Agreements as described above.

Pursuant to the Addendum to the Hotel Management Agreements and the Trademark Licence Agreements (collectively, the “Hotel Agreements”) dated 8 May 2024, entered into among the Hotel Companies, the Master Lessee, the Hotel Manager, the Trustee-Manager and the Company, and approved by the independent Holders of Share Stapled Units at the extraordinary general meeting held on the same day (the “Addendum”), amendments were made to the Hotel Agreements for increasing the issuance cap from 1.5% to 3.5% and incorporating the deferment mechanism for the settlement of the fees payable under the Hotel Agreements by way of allotment and issue of Share Stapled Units. Further details of the Addendum were disclosed in the circular of the Trust and the Company dated 22 April 2024.

REPORT OF THE DIRECTORS

3. **Centralised Services and Marketing Agreements**

– three separate centralised services and marketing agreements each dated 10 May 2013, and entered into by each Hotel Company, the Master Lessee, Langham Hotels Services Limited as the Service Provider, the Trustee-Manager and the Company. As the Master Lessee and the Service Provider are both indirect wholly-owned subsidiaries of Great Eagle, which is a controlling Holder of Share Stapled Units of the Trust and the Company, they are connected persons of the Trust and the Company under the Listing Rules.

Pursuant to the Centralised Services and Marketing Agreements, the Service Provider has agreed to provide global marketing and advertising services, centralised reservation services and certain hotel specific services of each Hotel for an initial term of 30 years from and including 30 May 2013 (the Listing Date) and may, subject to compliance with the requirements of the relevant Listing Rules at the relevant time, be renewed for a term of 10 years by notice at the election of the Service Provider. Thereafter, the Centralised Services and Marketing Agreements may be renewed for successive 10-year terms by mutual agreement of the parties subject to compliance with the requirements of the relevant Listing Rules at the relevant time. Each of the Centralised Services and Marketing Agreements shall be coterminous with the Hotel Management Agreement for the same Hotel. The fee and other amounts payable to the Service Provider under each Centralised Services and Marketing Agreement shall be determined on the following basis:

- *Reimbursement of Costs:* at cost to be paid by the Master Lessee as an operating expense of the Hotels

- *Global Marketing Fee:* a fixed percentage of 2.0% of the total room revenue of the relevant Hotel to be paid by each Hotel Company
- *Reservation Fees:* a fixed US\$ amount and percentage of revenue for each materialised reservation, depending on the means by which the reservation is made, to be paid by the Master Lessee as an operating expense of the Hotels

The annual caps for the Global Marketing Fee payable under the Centralised Services and Marketing Agreements are determined by reference to the formula for determining the Global Marketing Fee payable pursuant to the Centralised Services and Marketing Agreements as described above.

- ### 4. **Trademark Licence Agreements**
- three separate trademark licence agreements each dated 10 May 2013, entered into by each Hotel Company, the Hotel Manager as the Licensor, the Master Lessee, the Trustee-Manager and the Company, and amended and supplemented by the Addendum. As the Hotel Manager and the Master Lessee are both indirect wholly-owned subsidiaries of Great Eagle, which is a controlling Holder of Share Stapled Units of the Trust and the Company, they are connected persons of the Trust and the Company under the Listing Rules.

REPORT OF THE DIRECTORS

Pursuant to the Trademark Licence Agreements, the Licensor has agreed to grant non-exclusive and non-transferable licences to the relevant Hotel Company, the Trustee-Manager, the Company and the Master Lessee to use the Langham brands for branding and marketing activities relating to the Hotels and/or for describing the ownership of the Hotels for an initial term of 30 years from and including 30 May 2013 (the Listing Date) and may, subject to compliance with the requirements of the relevant Listing Rules at the relevant time, be renewed for a term of 10 years by notice at the election of the Hotel Manager. Thereafter, the Trademark Licence Agreements may be renewed for successive 10-year terms by mutual agreement of the parties subject to compliance with the requirements of the relevant Listing Rules at the relevant time. Each of the Trademark Licence Agreements shall be coterminous with the Hotel Management Agreement for the same Hotel. The Licence Fees payable to the Hotel Manager by each Hotel Company under the Trademark Licence Agreements shall be 1.0% of the total revenue of the relevant Hotel.

The cap for the Licence Fees payable under the Trademark Licence Agreements is determined by reference to the formula for determining the Licence Fees payable pursuant to the Trademark Licence Agreements as described above.

Pursuant to the Addendum, amendments were made to the Hotel Agreements for increasing the issuance cap from 1.5% to 3.5% and incorporating the deferment mechanism for the settlement of the fees payable under the Hotel Agreements by way of allotment and issue of Share Stapled Units. Further details of the Addendum were disclosed in the circular of the Trust and the Company dated 22 April 2024.

5. **Deed of Mutual Covenant and Management Agreement** – a deed of mutual covenant and management agreement (“DMC Agreement”) dated 27 June 2005, and entered into between Keysern Property Management Services Limited (formerly known as The Great Eagle Properties Management Company Limited) (“KPMS”) and Cordis Hong Kong Limited (“CHK”), an indirect wholly-owned subsidiary of the Company. As KPMS is an indirect wholly-owned subsidiary of Great Eagle, which is a controlling Holder of Share Stapled Units of the Trust and the Company, it is a connected person of the Trust and the Company under the Listing Rules.

Pursuant to the DMC Agreement, KPMS shall provide property management services in respect of common areas and facilities at the lot of land on which Cordis, Hong Kong is situated. CHK is required to contribute the cost of the property management services in proportion to the number of management shares allocated to it. The appointment of KPMS for the provision of property management services under the DMC Agreement was initially for a term of two years and such appointment will continue for an indefinite term until it is terminated by KPMS pursuant to the terms of the DMC Agreement.

The annual service fee payable is determined based on the annual budget prepared by KPMS, taking into account the actual cost incurred, plus remuneration to KPMS and the number of management shares allocated to Cordis, Hong Kong in respect of the lot of land on which it is situated. The fee is in line with the fee charged by KPMS in respect of such services rendered to other tenants in accordance with the allocated management shares.

As disclosed in the announcement dated 6 August 2024, the annual caps for the transactions contemplated under the DMC Agreement for each of the three financial years 2024, 2025 and 2026 are HK\$3,300,000, HK\$3,500,000 and HK\$4,000,000 respectively.

REPORT OF THE DIRECTORS

Waivers

Requirements to obtain approval of independent Holders of Share Stapled Units and make announcements

The transactions described in paragraphs 1 to 4 above constitute non-exempt continuing connected transactions pursuant to Chapter 14A of the Listing Rules and normally are required to be announced, reported on, subject to annual review and approved by independent Unitholders. Rule 14A.52 of the Listing Rules also requires that the period for the agreement in respect of non-exempt continuing connected transactions must be fixed and, except in special circumstances, must not exceed three years.

The Trustee-Manager and the Company applied for, and the Stock Exchange granted to the Trustee-Manager and the Company, a waiver from strict compliance with the announcement and, if applicable, the approval of independent Unitholders requirements of the Listing Rules in respect of each of the above non-exempt continuing connected transactions for the entire duration of each of those transactions, other than, in the case of the Hotel Agreements, the payment of fees payable by way of Share Stapled Units, which shall only be subject to a waiver until 31 December 2017 (but the payment of fees in cash shall be subject to a waiver for the duration of the Hotel Agreements).

From 1 January 2018 onwards, the Hotel Manager's Fees shall be settled by way of cash, the issue of Share Stapled Units, or a combination or both, at the election of the Hotel Manager. The Hotel Manager is a wholly-owned subsidiary of Great Eagle which is the controlling Holders of Share Stapled Units of the Trust and the Company. The Hotel Manager is therefore a connected person of the Trust and the Company under the Listing Rules. Pursuant to Rule 13.36(1) of the Listing Rules, in respect of the issue of the Share Stapled Units to the Hotel Manager for payment of the Hotel Manager's Fees, approval from the independent Holders of Share Stapled Units shall be obtained.

On 15 December 2020, the Hotel Manager had elected the payment of the fees wholly by way of Share Stapled Units for the year ended 31 December 2021. A specific mandate relating to the issue of Share Stapled Units as payment of the fees for the three financial years ended 31 December 2023 was approved by the independent Holders of Share Stapled Units at the extraordinary general meeting held on 12 May 2021.

On 15 December 2023, the Hotel Manager had elected the payment of the fees wholly by way of Share Stapled Units for the year ended 31 December 2024.

Specific mandates relating to the issue of Share Stapled Units as payment of (i) the outstanding fees for the financial year ended 31 December 2023; and (ii) the fees for the three financial years ending 31 December 2026, were approved by the independent Holders of Share Stapled Units at the extraordinary general meeting held on 8 May 2024, respectively.

On 16 December 2024, the Hotel Manager had elected the payment of the fees wholly by way of cash for the year ending 31 December 2025.

Requirement to set a monetary cap

The Trustee-Manager and the Company applied for, and the Stock Exchange granted to the Trustee-Manager and the Company, a waiver from the setting of a monetary cap for the Variable Rent payable under the Master Lease Agreements and the fees payable under the Hotel Management Agreements, the Centralised Services and Marketing Agreements and the Trademark Licence Agreements for the duration of these agreements more particularly set out in the description of these transactions in paragraphs 1 to 4 above.

REPORT OF THE DIRECTORS

Compliance with Rule 13.36(1)(a) of the Listing Rules

Note (1) to Rule 13.36(2)(b) of the Listing Rules provides further that independent shareholders' approval shall be obtained for an issue of securities to a connected person pursuant to a general mandate given to the directors of an issuer by the existing shareholders.

The Trustee-Manager and the Company applied for, and the Stock Exchange granted to the Trustee-Manager and the Company, a waiver from strict compliance with Rule 13.36(1)(a) of the Listing Rules in respect of the Share Stapled Units that may be issued to the Hotel Manager pursuant to the Hotel Agreements, during the period from the Listing Date until 31 December 2017.

Further details and the conditions of the waivers were disclosed in the initial public offering prospectus.

From 1 January 2018 onwards, the fees shall be settled by way of cash, the issue of Share Stapled Units, or a combination of both, at the election of the Hotel Manager, subject to the approval of the independent Holders of Share Stapled Units for the issue of the Share Stapled Units.

As disclosed in the announcement of the Trust and the Company dated 15 December 2020, the Hotel Manager had elected the payment of the Hotel Manager's Fees wholly by way of Share Stapled Units for the year ended 31 December 2021 and a specific mandate relating to the issue of Share Stapled Units as payment of the fees for the three financial years ended 31 December 2023 was approved by the independent Holders of Share Stapled Units at the extraordinary general meeting held on 12 May 2021.

With a further announcement made on 15 December 2023, the Hotel Manager had elected the payment of the fees wholly by way of Share Stapled Units for the year ended 31 December 2024.

Specific mandates relating to the issue of Share Stapled Units as payment of (i) the outstanding fees for the financial year ended 31 December 2023; and (ii) the fees for the three financial years ending 31 December 2026, were approved by the independent Holders of Share Stapled Units at the extraordinary general meeting held on 8 May 2024, respectively.

Pursuant to Rule 13.36(1) of the Listing Rules, in respect of the issue of the Share Stapled Units to the Hotel Manager for payment of the Hotel Manager's Fees, approval from the independent Holders of Share Stapled Units shall be obtained.

Review of Connected Transactions

The Internal Audit Department has conducted review on the connected transactions, including continuing connected transactions, of the Trust Group for the year ended 31 December 2024. It has confirmed to the Trustee-Manager Board and the Company Board that adequate and effective policies and procedures on checking, identifying, recording, monitoring and reporting on connected transactions are in place and have been properly complied with during the year. Connected transactions are subject to the approval of the full Board as provided under the Schedule of Matters Reserved for the Board. Continuing connected transactions are reported monthly and reviewed by the Audit Committee half yearly.

In accordance with Rule 14A.55 of the Listing Rules, the Directors (including the Independent Non-executive Directors) of the Trustee-Manager and the Company have reviewed the above continuing connected transactions for the period ended 31 December 2024 and confirmed they have been entered into:

- (1) in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or on terms no less favourable to the Trust Group than terms available to or obtained from the independent third parties; and
- (3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Holders of Share Stapled Units as a whole.

REPORT OF THE DIRECTORS

The external auditor of the Trustee-Manager and the Company was engaged to report on the above continuing connected transactions of the Trust Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the HKICPA. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Trust Group in accordance with Rule 14A.56 of the Listing Rules.

The Trustee-Manager Board has also confirmed that the charges paid or payable out of the Trust Property (as defined in the Trust Deed) of the Trust to the Trustee-Manager are in accordance with the Trust Deed; and they are not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the Holders of Share Stapled Units as a whole.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2024, certain transactions between the Trust Group, the Trustee-Manager and parties regarded as "related parties" under the applicable accounting standards subsisted. 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 35 to the consolidated financial statements of the Trust Group.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles or the laws of the Cayman Islands which would oblige the Company to offer new Share Stapled Units on a pro-rata basis to existing Holder of Share Stapled Units.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the combined value of the Trust Group's contracts with its five largest suppliers, which were not of a capital nature, was about 76.7% of the total value of supplies purchased. Purchase from the largest supplier was 54.3%. Among these five largest suppliers, three of them are wholly-owned subsidiaries of Great Eagle, a substantial Unitholder which indirectly owned 71.22% interest in the Trust and the Company as at 31 December 2024.

Total rental income under the adoption of HKFRS15 of the Trust Group for the year ended 31 December 2024 amounted to HK\$401,806,000, 99.6% of which were derived from the leases of the Hotels to the Master Lessee, GE (LHIL) Lessee Limited, a wholly-owned subsidiary of Great Eagle and no more than 1% of the rental income was received from lease of retail shops at Eaton HK. Breakdown of the revenue is set out in note 6 to the consolidated financial statements of the Trust Group contained in this Annual Report.

The business relationship with Great Eagle and the measures to mitigate the potential conflicts of interest between the Trust Group and Great Eagle are disclosed in the Corporate Governance Report.

Save as disclosed above, other suppliers and customers are independent third parties and none of the Directors, their associates or any Holders of Share Stapled Units (which to the knowledge of the Trustee-Manager Board and the Company Board own more than 5% of the issued Share Stapled Units) has any interest in the Trust Group's suppliers and customers.

REPORT OF THE DIRECTORS

AUDITOR

The consolidated financial statements for the year have been audited by Messrs. Deloitte Touche Tohmatsu and a resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Trustee-Manager and the Company will be proposed at the forthcoming AGM to be held on 9 May 2025.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on information that is publicly available and within the knowledge of the Directors of the Trustee-Manager and the Company, the Trust and the Company maintain a sufficient public float with no less than 25% of the issued Share Stapled Units being held by the public.

CORPORATE GOVERNANCE

The Trust, the Trustee-Manager and the Company embraced the importance of maintaining and developing a high standard of corporate governance practices to sustain and protect the interests of Holders of Share Stapled Units. Throughout the year ended 31 December 2024, the Trustee-Manager and the Company have complied with all the applicable code provisions, and where appropriate, adopted some of the recommended best practices as set out in the Corporate Governance Code.

Details of the Company's corporate governance principles and practices are set out in the "Corporate Governance Report" on pages 61 to 97 of this Annual Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Environmental, Social and Governance ("ESG") Report (the "ESG Report") is prepared in accordance with the Stock Exchange's ESG Reporting Guide (the "Guide") under Appendix C2 of the Listing Rules and satisfies the mandatory disclosure requirements and "comply or explain" provisions. The ESG Report follows the four Reporting Principles, namely Materiality, Quantitative, Balance and Consistency as stipulated in the Guide. The ESG Report is set out on pages 30 to 60 of this Annual Report. During the reporting period, the Trust Group made no charitable and other donations.

On behalf of the boards of
LHIL Manager Limited
(as trustee-manager of the Trust) and
Langham Hospitality Investments Limited



LO Ka Shui

Chairman

Hong Kong, 13 February 2025

FINANCIAL INFORMATION



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INDEPENDENT AUDITOR'S REPORT OF THE TRUST AND OF THE COMPANY

Deloitte.

德勤

TO THE HOLDERS OF SHARE STAPLED UNITS OF LANGHAM HOSPITALITY INVESTMENTS AND LANGHAM HOSPITALITY INVESTMENTS LIMITED

(Langham Hospitality Investments is a trust constituted under the laws of Hong Kong; Langham Hospitality Investments Limited is incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Langham Hospitality Investments (the "Trust") and Langham Hospitality Investments Limited (the "Company") and its subsidiaries (collectively referred to as the "Trust Group") and of the Company and its subsidiaries (collectively referred to as the "Group") set out on pages 127 to 185 (hereinafter collectively referred to as "the Trust and the Company's consolidated financial statements"). As explained in note 2 to the Trust and the Company's consolidated financial statements, the consolidated financial statements of the Trust Group and the consolidated financial statements of the Group are presented together. The Trust and the Company's consolidated financial statements together comprise the consolidated statement of financial position of the Trust Group and of the Group as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Trust Group and of the Group for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the Trust and the Company's consolidated financial statements give a true and fair view of the consolidated financial position of the Trust Group and the Group as at 31 December 2024, and of the Trust Group's and the Group's consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Trust Group and the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT OF THE TRUST AND OF THE COMPANY

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties

We identified the valuation of investment properties as a key audit matter due to significance of the balance to the consolidated financial statements as a whole, combined with significant judgments associated with determining the fair value. As at 31 December 2024, the Trust Group and the Group's investment properties, comprising of The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK, amounted to HK\$15,895 million and represented 98% of the Trust Group and the Group's total assets. Increase in fair value of investment properties of approximately HK\$187 million was recognised in the consolidated statement of profit or loss and other comprehensive income for the year then ended.

As disclosed in note 18 to the consolidated financial statements, these investment properties are stated at fair value based on a valuation carried out by an independent professional property valuer. In determining the fair value of investment properties, the independent professional property valuer used an income approach by using discounted cash flow analysis for the hotel properties based on an analysis of historical data and assumptions about future market conditions affecting supply, demand, income, expenses and the potential for risk. The valuation is dependent on certain key inputs that involve management and independent professional property valuer's judgment. The key inputs used in valuing the investment properties by the independent professional property valuer include discount rate as adopted in the valuation report and average daily rates per room. A table showing the Groups' (as defined in note 2) sensitivity to the fair value measurement is also disclosed in note 18.

Our procedures in relation to valuation of investment properties included:

- Evaluating the competence, capabilities and objectivity of the independent professional property valuer;
- Obtaining an understanding from the independent professional property valuer about the valuation methodology, the performance of the property markets, significant assumptions adopted, critical judgmental areas on key inputs and data used in the valuation; and
- Evaluating, with the involvement of our internal valuation specialists, the reasonableness of the information provided by management to the independent professional property valuer by comparing with average daily rates per room and discount rate used in the industry.

INDEPENDENT AUDITOR'S REPORT OF THE TRUST AND OF THE COMPANY

OTHER INFORMATION

The LHIL Manager Limited (the “Trustee-Manager”) and the directors of the Company (the “Directors”) are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE TRUSTEE-MANAGER AND THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Trustee-Manager and the Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Trustee-Manager and Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustee-Manager and the Directors are responsible for assessing the Trust Group and the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee-Manager and the Directors either intend to liquidate the Trust Group and the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Group and the Group’s financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT OF THE TRUST AND OF THE COMPANY

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Group and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee-Manager and the Directors.
- Conclude on the appropriateness of the Trustee-Manager and the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Group and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Group and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT OF THE TRUST AND OF THE COMPANY

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Wong Kuen.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

13 February 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	6	401,806	513,965
Property related expenses		(20,783)	(19,298)
Net property income		381,023	494,667
Other income	8	5,401	9,993
Increase in fair value of investment properties	18	186,526	926,343
Change in fair value of derivative financial instruments		9,303	(70,114)
Change related to settlement arrangement of hotel management fees and licence fee	25(b)	(14,634)	–
Administrative and other expenses		(15,676)	(13,928)
Finance costs	9	(322,238)	(247,119)
Profit before tax		229,705	1,099,842
Income tax credit (expense)	10	2,019	(19,523)
Profit and total comprehensive income for the year attributable to holders of Share Stapled Units	13	231,724	1,080,319
Earnings per Share Stapled Unit			
Basic and diluted	16	HK7 cents	HK33 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE TRUST AND THE COMPANY

At 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	17	908	924
Investment properties	18	15,895,000	15,662,000
Deposits	19	8,838	5,874
		15,904,746	15,668,798
Current assets			
Debtors, deposits and prepayments	19	32,678	43,718
Tax recoverable		7,518	–
Bank balances		293,402	122,516
		333,598	166,234
Current liabilities			
Creditors, deposits and accruals	20	61,131	68,205
Derivative financial instruments	21	2,974	–
Secured bank loans due within one year	22	–	6,050,305
Lease liabilities due within one year	23	610	808
Tax payable		22,465	42,100
		87,180	6,161,418
Net current assets (liabilities)		246,418	(5,995,184)
Total assets less current liabilities		16,151,164	9,673,614
Non-current liabilities			
Derivative financial instruments	21	–	12,277
Secured bank loans due after one year	22	6,164,604	–
Lease liabilities due after one year	23	283	67
Deferred tax liabilities	24	483,866	470,612
		6,648,753	482,956
NET ASSETS		9,502,411	9,190,658
Capital and reserves			
Issued capital/units	25	3,434	3,319
Reserves		9,498,977	9,187,339
TOTAL EQUITY		9,502,411	9,190,658

The consolidated financial statements on pages 127 to 185 and the statement of financial position and reserves of the Company on page 169 to 170 were approved and authorised for issue by the Board of Directors on 13 February 2025 and are signed on its behalf by:


LO Ka Shui
Director


Brett Stephen BUTCHER
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

	Share capital/ units HK\$'000	Share premium HK\$'000 (Note a)	Other reserve HK\$'000 (Note b)	Share- based payment reserve HK\$'000 (Note c)	Property revaluation reserve HK\$'000 (Note d)	(Accumulated losses) retained profit HK\$'000	Total HK\$'000
At 1 January 2023	3,273	8,311,326	(11,562,543)	1,179	12,598,157	(1,190,439)	8,160,953
Profit and total comprehensive income for the year	–	–	–	–	–	1,080,319	1,080,319
Distribution paid	–	(95,391)	–	–	–	–	(95,391)
Issue of Share Stapled Units (note 25)	46	44,731	–	–	–	–	44,777
At 31 December 2023	3,319	8,260,666	(11,562,543)	1,179	12,598,157	(110,120)	9,190,658
Profit and total comprehensive income for the year	–	–	–	–	–	231,724	231,724
Recognition of equity-settled share-based payment	–	–	–	22	–	–	22
Issue of Share Stapled Units (note 25)	115	65,258	–	14,634	–	–	80,007
At 31 December 2024	3,434	8,325,924	(11,562,543)	15,835	12,598,157	121,604	9,502,411

Notes:

- (a) Under the Cayman Islands Companies Act, the share premium of the Company is available for distribution.
- (b) Pursuant to a group reorganisation in May 2013, certain businesses were transferred to the Groups (as defined in note 2). Other reserve represents the difference between the considerations of the transfers and the share capital of the businesses as of the date of the transfer.
- (c) Share-based payment reserve mainly represents impact of the difference between the issue price of Share Stapled Units determined pursuant to the hotel management agreements and trademark licence agreements and the closing price of Share Stapled Units immediately preceding the issue date.
- (d) Property revaluation reserve represents the revaluation gain arising from transfer from property, plant and equipment to investment properties which amounted to the difference between the fair value of the investment properties and the carrying amount of the property, plant and equipment at the date of transfer.

CONSOLIDATED STATEMENT OF CASH FLOWS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
Operating activities		
Profit before tax	229,705	1,099,842
Adjustments for:		
Hotel management fees and licence fee payable in form of Share Stapled Units	62,300	63,901
Change in fair value of derivative financial instruments	(9,303)	70,114
Increase in fair value of investment properties	(186,526)	(926,343)
Interest expense	311,877	234,973
Interest income	(3,864)	(9,111)
Depreciation on property, plant and equipment	1,108	1,118
Underwriting/loan extension/front-end fee amortisation	9,646	11,114
Recognition of share-based payment	22	–
Change related to settlement arrangement of hotel management fees and licence fee	14,634	–
Operating cash flows before movements in working capital	429,599	545,608
Decrease (increase) in debtors, deposits and prepayments	11,011	(31,412)
(Decrease) increase in creditors, deposits and accruals	(1,095)	26
Cash generated from operations	439,515	514,222
Interest paid	(312,885)	(227,380)
Hong Kong Profits Tax paid	(11,880)	(174)
Net cash from operating activities	114,750	286,668

CONSOLIDATED STATEMENT OF CASH FLOWS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
Investing activities		
Interest received	3,893	9,827
Additions of property, plant and equipment	–	(2)
Additions of investment properties	(51,298)	(55,398)
Net cash used in investing activities	(47,405)	(45,573)
Financing activities		
Repayment of bank loans	–	(357,853)
Addition of bank loans	145,453	100,000
Payment of underwriting/loan extension fee	(40,800)	(9,372)
Distribution paid	–	(95,391)
Repayment of lease liabilities	(1,074)	(1,067)
Interest paid for leases	(38)	(45)
Net cash from (used in) financing activities	103,541	(363,728)
Net increase (decrease) in cash and cash equivalents	170,886	(122,633)
Cash and cash equivalents at the beginning of the year	122,516	245,149
Cash and cash equivalents at the end of the year, represented by bank balances	293,402	122,516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

1. GENERAL INFORMATION

Langham Hospitality Investments (the “Trust”) is constituted by a Hong Kong law governed trust deed and as supplemented, amended or substituted from time to time (the “Trust Deed”), entered into between LHIL Manager Limited (the “Trustee-Manager”, in its capacity as the trustee-manager of the Trust) and Langham Hospitality Investments Limited (the “Company”). The Company is a company incorporated in the Cayman Islands with limited liability. The share stapled units (“Share Stapled Units”) structure comprises: (a) a unit in the Trust; (b) a beneficial interest in a specifically identified ordinary share in the Company which is linked to the unit in the Trust and held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust; and (c) a specifically identified preference share in the Company which is “stapled” to the unit in the Trust. The Share Stapled Units were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 May 2013. The Company’s parent company is LHIL Assets Holdings Limited, a limited liability company incorporated in the British Virgin Islands. The Trustee-Manager and the directors of the Company (the “Directors”) consider the Trust and the Company’s ultimate holding company to be Great Eagle Holdings Limited, a limited liability company incorporated in Bermuda with its shares listed on the Stock Exchange. The addresses of the registered offices of the Trustee-Manager and of the Company and principal place of business of the Company are disclosed in the corporate information section to the annual report.

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

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENT

In accordance with the Trust Deed, the Trust and the Company are each required to prepare their own sets of financial statements on a consolidated basis. The Trust’s consolidated financial statements for the year ended 31 December 2024 comprise the consolidated financial statements of the Trust, the Company and its subsidiaries (collectively referred to as the “Trust Group”). The Company’s consolidated financial statements for the year ended 31 December 2024 comprise the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”).

The unitholders of the Trust have beneficial interest in the ordinary shares of the Company and the sole activity of the Trust during the year ended 31 December 2024 was investment in the Company. Therefore, the consolidated results and financial position that would be presented in the consolidated financial statements of the Trust Group are identical to the consolidated financial statements of the Group with the differences being disclosures of capital. The Trustee-Manager and the Directors believe therefore that it is clearer to present the consolidated financial statements of the Trust Group and the Group together. The consolidated financial statements of the Trust Group and the consolidated financial statements of the Group are presented together to the extent they are identical and are hereinafter referred as “the Trust and the Company’s Consolidated Financial Statements”.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, material accounting policy information and other explanatory information of the Trust Group and the Group are identical.

The Trust Group and the Group are referred as the “Groups”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Groups have applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Groups’ annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Groups’ financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (the “2022 Amendments”)

The Groups have applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current” and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (the “2022 Amendments”) (Continued)

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Groups have applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Groups have not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Except for the new and amendments to HKFRSs mentioned below, the Trustee-Manager and the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 *“Presentation and Disclosure in Financial Statements”*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *“Presentation of Financial Statements”*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 *“Statement of Cash Flows”* and HKAS 33 *“Earnings per Share”* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Groups are in the process of assessing the detailed impact of HKFRS 18 on the Groups’ consolidated financial statements.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation to the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and derivative financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policy information set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.1 Basis of preparation of consolidated financial statements (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Trust and of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Groups reassess whether or not they control an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Groups obtain control over the subsidiary and ceases when the Groups lose control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Groups gain control until the date when the Groups cease to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Groups are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Material accounting policy information (Continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Leases

The Groups assess whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Groups as lessor

Classification and measurement of leases

Leases for which the Groups are lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Rental income which are derived from the Groups' ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Groups apply HKFRS 15 "Revenue from Contracts with Customers" to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Material accounting policy information (Continued)

Leases (Continued)

The Groups as lessee

Right-of-use assets

The cost of right-of-use asset includes the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Groups present right-of-use assets in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

Lease liabilities

At the commencement date of a lease, the Groups recognise and measure the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Groups use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Groups present lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Material accounting policy information (Continued)

Leases (Continued)

The Groups as lessee (Continued)

Lease modifications

The Groups account for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Groups remeasure the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Groups account for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Revenue from contracts with customers

The Groups recognise revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Groups’ performance as the Groups perform;
- the Groups’ performance creates or enhances an asset that the customer controls as the Groups perform; or
- the Groups’ performance does not create an asset with an alternative use to the Groups and the Groups have an enforceable right to payment for performance completed to date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Material accounting policy information (Continued)

Revenue from contracts with customers (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

Principal versus agent

When another party is involved in providing services to a customer, the Groups determine whether the nature of its promise is a performance obligation to provide the specified services itself (i.e. the Groups are principals) or to arrange for those services to be provided by the other party (i.e. the Groups are agents).

The Groups are principals if the Groups control the specified service before that service is transferred to a customer.

The Groups are agents if the Groups' performance obligation is to arrange for the provision of the specified service by another party. In this case, the Groups do not control the specified service provided by another party before that service is transferred to the customer. When the Groups act as agents, the Groups recognise revenue in the amount of any fee or commission to which the Groups expect to be entitled in exchange for arranging for the specified services to be provided by the other party.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is presented as other income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Other financial assets are subsequently measured at fair value through profit or loss.

For financial assets at amortised cost, interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 "Financial Instruments" ("HKFRS 9")

The Groups perform impairment assessment under expected credit loss ("ECL") model on financial assets (including other receivables and bank balances), and other items (receivable from GE (LHIL) Lessee Limited (the "Master Lessee") and lease receivable) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 "Financial Instruments" ("HKFRS 9") (Continued)

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Groups' historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Groups always recognise lifetime ECL for receivable from Master Lessee and lease receivable. The ECL on receivable from Master Lessee and lease receivable is assessed individually.

For other receivables and bank balances, the Groups measure the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Groups recognise lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Derecognition of financial assets

The Groups derecognise a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Trust and the Company are recognised at the proceeds received, net of direct issue costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities (including trade creditors, other payables, construction fee payables and secured bank loans) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Groups derecognise financial liabilities when, and only when, the Groups' obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Borrowing costs

All borrowing costs are recognised as and included in finance costs in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Groups' liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Groups expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Groups recognise the right-of-use assets and the related lease liabilities, the Groups first determine whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Groups apply HKAS 12 requirements to the lease liabilities, and the related assets separately. The Groups recognise a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences arising from right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

4.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Groups' accounting policies, which are described in note 4, the Trustee-Manager and the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the Trustee-Manager and the Directors have made in the process of applying the Groups' accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation liabilities arising from investment properties that are measured using the fair value model, the Trustee-Manager and the Directors have reviewed the Groups' investment property portfolios and concluded that the Groups' investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. One of the business objectives of the Groups is to enhance the value of hotel portfolios, therefore, in determining the Groups' deferred taxation on investment properties, the Trustee-Manager and the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Groups have not recognised any deferred taxation on changes in fair value of investment properties as the Groups are not subject to any income taxes on disposal of its investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair values of investment properties

Investment properties are stated at fair value of HK\$15,895,000,000 (2023: HK\$15,662,000,000) based on the valuation performed by an independent professional property valuer.

In determining the fair value of investment properties situated in Hong Kong, the valuer adopted income approach by using discounted cash flow analysis for the hotel properties which is an analysis of historical data and assumptions about future market conditions affecting supply, demand, income, expenses and the potential of risk.

In relying on the valuation report, the Trustee-Manager and the Directors have exercised their judgments and are satisfied that the methods of valuation, assumptions and key inputs are reflective of the current market conditions. The Groups use valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties. Note 18 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties.

Derivative financial instruments

In addition, as described in note 28, the fair value of derivative financial instruments that is not quoted in active market is provided by the counterparty financial institutions and determined by using discounted cash flow method. Valuation technique commonly used by market practitioners is applied. Derivative financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

In relying on the valuation provided by the financial institutions, Trustee-Manager and the Directors have exercised their judgment and are satisfied that the method of valuation is reflective of the current market conditions.

Note 28 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of derivative financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

6. REVENUE

	2024 HK\$'000	2023 HK\$'000
Rental income from Master Lessee (Note)		
Base rent	225,000	225,000
Variable rent	254,481	368,469
Service fees expense	(79,412)	(81,202)
	400,069	512,267
Rental income from retail shops in Eaton HK	1,737	1,698
	401,806	513,965

Note: Included in rental income from Master Lessee, service fees income of HK\$79,412,000 (2023: HK\$81,202,000) has been netted with the same amount of the corresponding service fees expenses. Details are set out in note 35(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

7. SEGMENT INFORMATION

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

The Groups' results are derived from property investment operation, which relates to the operating results from leasing of the Hotels and represents three operating segments under HKFRS 8 "Operating Segments".

Segment revenue and results

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

2024

	The Langham, Hong Kong HK\$'000	Cordis, Hong Kong HK\$'000	Eaton HK HK\$'000	Segment total HK\$'000	Reconciliation HK\$'000 (Note)	Consolidated HK\$'000
Segment revenue	169,556	212,009	99,653	481,218	(79,412)	401,806
Segment results	136,820	166,512	77,691	381,023	–	381,023
Other income						5,401
Increase in fair value of investment properties						186,526
Change in fair value of derivative financial instruments						9,303
Change related to settlement arrangement of hotel management fees and licence fee						(14,634)
Administrative and other expenses						(15,676)
Finance costs						(322,238)
Profit before tax						229,705
Income tax credit						2,019
Profit for the year attributable to holders of Share Stapled Units						231,724

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

7. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

2023

	The Langham, Hong Kong HK\$'000	Cordis, Hong Kong HK\$'000	Eaton HK HK\$'000	Segment total HK\$'000	Reconciliation HK\$'000 (Note)	Consolidated HK\$'000
Segment revenue	228,389	243,840	122,938	595,167	(81,202)	513,965
Segment results	192,906	200,540	101,221	494,667	–	494,667
Other income						9,993
Increase in fair value of investment properties						926,343
Change in fair value of derivative financial instruments						(70,114)
Change related to settlement arrangement of hotel management fees and licence fee						–
Administrative and other expenses						(13,928)
Finance costs						(247,119)
Profit before tax						1,099,842
Income tax expense						(19,523)
Profit for the year attributable to holders of Share Stapled Units						1,080,319

Note: Reconciliation represents netting of service fees income of HK\$79,412,000 (2023: HK\$81,202,000) with the same amount of the corresponding service fees expense (including hotel management fees, licence fee and global marketing fee) that has been adjusted from revenue.

Segment assets and liabilities

For the purpose of performance assessment, other than the fair value of investment properties, no other segment assets are reviewed by the CODM. At the end of the reporting period, the fair values of The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK were HK\$5,440,000,000, HK\$6,840,000,000 and HK\$3,615,000,000 (2023: HK\$5,460,000,000, HK\$6,660,000,000 and HK\$3,542,000,000), respectively.

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

Geographical information

All of the Groups' revenue is derived from activities and customers located in Hong Kong and the Groups' non-current assets are all located in Hong Kong.

Information about major customers

Revenue from the Master Lessee is HK\$400,069,000 (2023: HK\$512,267,000), contributing over 10% of the total revenue of the Groups for the year ended 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

8. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Interest income on bank deposits	3,864	9,111
Management fee income	630	600
Sundry income	907	282
	5,401	9,993

9. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on bank borrowings	318,089	312,521
Net interest on interest rate swaps	(6,250)	(77,593)
Underwriting/loan extension/front-end fee amortisation	9,646	11,114
Interest on lease liabilities	38	45
Other borrowing costs	715	1,032
	322,238	247,119

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

10. INCOME TAX (CREDIT) EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax:		
Hong Kong Profits Tax:		
Current year	4,650	8,261
Overprovision in prior years	(19,923)	(10,410)
	(15,273)	(2,149)
Deferred tax (note 24):		
Current year	13,271	28,257
Overprovision in prior years	(17)	(6,585)
	13,254	21,672
	(2,019)	19,523

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

The tax (credit) charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Profit before tax	229,705	1,099,842
Tax at Hong Kong Profits Tax rate of 16.5%	37,901	181,474
Tax effect of expenses not deductible for tax purposes	14,243	19,769
Tax effect of income not taxable for tax purposes	(33,740)	(155,174)
Overprovision in prior years	(19,940)	(16,995)
Others	(483)	(9,551)
Tax (credit) charge for the year	(2,019)	19,523

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

11. TOTAL DISTRIBUTABLE INCOME

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

	2024 HK\$'000	2023 HK\$'000
Profit for the year attributable to holders of Share Stapled Units	231,724	1,080,319
Adjustments:		
Depreciation	1,108	1,118
Deferred tax	13,254	21,672
Underwriting/loan extension/front-end fee amortisation	9,646	11,114
Hotel management fees and licence fee payable in form of Share Stapled Units (notes 31 and 35(c))	62,300	63,901
Increase in fair value of investment properties	(186,526)	(926,343)
Change in fair value of derivative financial instruments	(9,303)	70,114
Change related to settlement arrangement of hotel management fees and licence fee (note 25(b))	14,634	–
Reserve for furniture, fixtures and equipment	(23,815)	(24,282)
Total distributable income	113,022	297,613

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

12. DISTRIBUTION STATEMENT

	NOTE	2024 HK\$'000	2023 HK\$'000
Interim distribution period (note a)			
Total distributable income in respect of the six months ended 30 June		34,022	136,792
Percentage of distributable income for distribution (note b)		—	—
Distributable income for interim distribution period		—	—
Interim distribution		—	—
Final distribution period (note a)			
Total distributable income in respect of the financial year ended 31 December	11	113,022	297,613
Less: distributable income paid for interim distribution period (note b)		—	—
Distributable income available for final distribution period		113,022	297,613
Percentage of distributable income for distribution (note c)		48%	—
Distributable income for final distribution period		54,251	—
Final distribution (note d)		54,251	—
Distribution per Share Stapled Unit			
Interim distribution per Share Stapled Unit in respect of the six months ended 30 June (note b)		—	—
Final distribution per Share Stapled Unit in respect of the six months ended 31 December (note d)		HK1.6 cents	—

Notes:

- (a) The interim distribution in 2024 and 2023 were based on total distributable income for the six months ended 30 June 2024 and 2023, respectively.

The final distribution in 2024 and 2023 were based on total distributable income for the year ended 31 December 2024 and 2023, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

12. DISTRIBUTION STATEMENT (CONTINUED)

Notes: (continued)

(b) Interim distribution

No distribution income was distributed in respect of the six months ended 30 June 2024 and 2023.

(c) The Board of the Company has recommended to distribute 48% of the total distributable income in respect of the financial year ended 31 December 2024.

No distributable income was distributed in respect of the financial year ended 31 December 2023.

(d) Final distribution

Final distribution per Share Stapled Unit of HK1.6 cents (2023: Nil) in respect of the financial year ended 31 December 2024 was calculated based on distribution income available for final distribution period of HK\$54,251,000 and 3,433,546,645 Share Stapled Units as at 31 December 2024. Final distribution will be paid to holders of Share Stapled Units on 4 June 2025.

The final distribution after 31 December 2024 has not been recognised as a liability as at 31 December 2024.

13. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO HOLDERS OF SHARE STAPLED UNITS

	2024 HK\$'000	2023 HK\$'000
Profit and total comprehensive income for the year has been arrived at after charging:		
Staff costs (including directors' emoluments)	6,609	6,369
Depreciation	1,108	1,118
Auditor's remuneration	1,312	1,312

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the seven (2023: seven) directors and the chief executive were as follows:

	2024					2023
	Fees HK\$'000	Salaries and other benefits HK\$'000	Discretionary bonuses HK\$'000 (Note b)	Retirement benefits scheme contributions HK\$'000	Total HK\$'000	Total HK\$'000
Executive Director and Chief Executive						
Mr. Brett Stephen BUTCHER	50	2,023	231	18	2,322	2,201
Non-executive Directors						
Dr. LO Ka Shui	315	–	–	–	315	315
Mr. LO Chun Him Alexander	170	–	–	–	170	170
Mr. LO Chun Lai, Andrew	170	–	–	–	170	170
Independent Non-executive Directors						
Professor LIN Syaru, Shirley	325	–	–	–	325	325
Mr. WONG Kwai Lam	365	–	–	–	365	365
Professor CHAN Ka Keung, Ceajer	340	–	–	–	340	340
	1,735	2,023	231	18	4,007	3,886

Notes:

- The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Groups. The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.
- Discretionary bonuses are determined by the remuneration committee of the Company from time to time by reference to the prevailing market conditions, the performance of the Company as well as the individual performance.
- There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

15. FIVE HIGHEST PAID INDIVIDUALS

The two (2023: two) out of five highest paid individuals of the Groups during the year are directors, details of whose emoluments are set out in note 14 above. The emoluments of the remaining three (2023: three) highest paid employees are neither director nor chief executive of the Company. The emoluments of the remaining three (2023: three) individuals are as follow:

	2024 HK\$'000	2023 HK\$'000
Salaries and other benefits	2,186	2,121
Discretionary bonuses	273	265
Retirement benefits scheme contributions	109	94
	2,568	2,480

	2024 Number of employees	2023 Number of employees
Bands:		
Nil – HK\$1,000,000	2	2
HK\$1,000,001 – HK\$1,500,000	1	1

Discretionary bonuses are determined with reference to the Groups' operating results and individual performance.

During both years, no emoluments were paid by the Groups to any of the five individuals with the highest emoluments as an inducement to join or upon joining the Groups or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

16. BASIC AND DILUTED EARNINGS PER SHARE STAPLED UNIT

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

	2024 HK\$'000	2023 HK\$'000
Profit		
Profit for the year for the purposes of basic and diluted earnings per Share Stapled Unit	231,724	1,080,319
	2024 '000	2023 '000
Number of Share Stapled Units		
Weighted average number of Share Stapled Units for the purpose of basic and diluted earnings per Share Stapled Unit	3,391,878	3,310,200

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT

	Leased properties HK\$'000	Furniture and fixtures HK\$'000	Total HK\$'000
COST			
At 1 January 2023	4,028	207	4,235
Additions	–	2	2
At 31 December 2023	4,028	209	4,237
Additions	1,092	–	1,092
Disposals	–	(22)	(22)
At 31 December 2024	5,120	187	5,307
DEPRECIATION			
At 1 January 2023	2,103	92	2,195
Charge for the year	1,072	46	1,118
At 31 December 2023	3,175	138	3,313
Charge for the year	1,062	46	1,108
Eliminated on disposals	–	(22)	(22)
At 31 December 2024	4,237	162	4,399
CARRYING VALUES			
At 31 December 2024	883	25	908
At 31 December 2023	853	71	924

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives on the following basis:

Leased properties	Over the term of the lease
Furniture and fixtures	20% per annum

Note: Right-of-use assets are shown as leased properties under the property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

18. INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
FAIR VALUE		
At the beginning of the year	15,662,000	14,685,000
Additions	46,474	50,657
Increase in fair value recognised in profit or loss	186,526	926,343
At the end of the year	15,895,000	15,662,000

The fair value of the Groups' investment properties of HK\$15,895,000,000 as at 31 December 2024 (2023: HK\$15,662,000,000) has been arrived at on a basis of valuation carried out by Vigers Appraisal and Consulting Limited, an independent professional property valuer not connected with the Groups.

The Groups engage an independent professional property valuer to perform the valuation. Management works closely with the independent professional property valuer to establish the appropriate valuation techniques and inputs to the model. Management reports the valuation report and findings to the Trustee-Manager and the Directors half-yearly to explain the cause of fluctuations in the fair value of the investment properties.

The independent professional property valuer adopted income approach by using discounted cash flow analysis for the Hotels and income capitalisation approach for the retail shops to arrive at the valuation of investment properties at 31 December 2024 and 2023.

The discounted cash flow analysis for the hotel properties is established based on analysis of historical data and combined with assumptions about future market conditions affecting supply, demand, income, expenses and the potential of risk. These assumptions determine the earning capability of the hotel properties upon which the pattern of income and expenditures are projected to establish a fair maintainable operating profit on a pre-tax yearly basis by a reasonably efficient operator over a 10-year investment horizon; and the anticipated net operating income stream receivable thereafter is capitalised at appropriate terminal capitalisation rates and adjusted to present value by appropriate discount rate to reflect the capital values beyond the years.

The income capitalisation approach for the retail shops is established based on the capitalisation of the property net rental income derived from the existing tenancies at appropriate term yield, and due allowance has been made for the reversionary interests.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use.

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18. INVESTMENT PROPERTIES (CONTINUED)

The key inputs used in valuing the investment properties by the independent professional property valuer under the aforesaid income approach were the discount rate used at 8.85% (2023: 9.10%) and average daily rates, which ranged from HK\$1,174 to HK\$2,167 (2023: HK\$1,249 to HK\$2,335) per room. An increase in the average daily rate used would result in an increase in fair value measurement of the investment properties, and vice versa, holding all other variables constant. The following table details the Groups' sensitivity to a 50 basis points (2023: 50 basis points) increase/decrease in discount rate holding all other variables constant.

	2024		2023	
	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Langham, Hong Kong	(210,000)	230,000	(220,000)	220,000
Cordis, Hong Kong	(270,000)	290,000	(260,000)	270,000
Eaton HK	(140,000)	140,000	(130,000)	140,000
	(620,000)	660,000	(610,000)	630,000

Details of the Groups' investment properties and information about the fair value hierarchy as at 31 December 2024 and 2023 are as follows:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	2024 HK\$'000
The Langham, Hong Kong	–	–	5,440,000	5,440,000
Cordis, Hong Kong	–	–	6,840,000	6,840,000
Eaton HK	–	–	3,615,000	3,615,000
	–	–	15,895,000	15,895,000

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	2023 HK\$'000
The Langham, Hong Kong	–	–	5,460,000	5,460,000
Cordis, Hong Kong	–	–	6,660,000	6,660,000
Eaton HK	–	–	3,542,000	3,542,000
	–	–	15,662,000	15,662,000

There were no transfers into or out of Level 3 during the year.

The carrying amounts of investment properties comprise properties situated in Hong Kong.

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For the year ended 31 December 2024

19. DEBTORS, DEPOSITS AND PREPAYMENTS

	2024 HK\$'000	2023 HK\$'000
Receivable from Master Lessee	29,417	39,512
Lease receivable	67	2
Deferred rent receivable	204	86
Other receivables	529	579
Deposits and prepayments	11,299	9,413
	41,516	49,592
Less: deposits paid to contractors for hotels renovation classified as non-current assets	(8,838)	(5,874)
Debtors, deposits and prepayments classified as current assets	32,678	43,718

Receivable from Master Lessee and lease receivable are payable on presentation of invoices.

Aging analysis of receivable from Master Lessee and lease receivable based on the invoice date at the end of the reporting period is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 3 months	29,484	39,514

Receivable from Master Lessee represents an amount due from a fellow subsidiary of HK\$29,417,000 (2023: HK\$39,512,000) which was unsecured, interest free and payable on presentation of invoice.

Other receivables mainly consist of interest receivable from banks for the fixed deposits.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

20. CREDITORS, DEPOSITS AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Trade creditors	34,498	37,687
Accruals and other payables	23,440	24,701
Construction fee payables	2,616	5,211
Deposits received	577	606
	61,131	68,205

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

	2024 HK\$'000	2023 HK\$'000
Within 3 months	20,758	21,767
More than 3 months and within 6 months	13,740	15,920
	34,498	37,687

Trade creditors represent amounts due to fellow subsidiaries of HK\$34,498,000 (2023: HK\$37,687,000) which are unsecured, interest-free and payable on presentation of invoices.

Accruals and other payables mainly consist of interest payable on bank borrowings and interest rate swaps.

Included in accruals and other payables are amounts due to fellow subsidiaries of HK\$106,000 (2023: HK\$166,000) which were unsecured, interest-free and payable on presentation of invoices.

Included in construction fee payables are retention payables to contractors of HK\$578,000 (2023: HK\$1,471,000) which are payable within one year (2023: two years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

21. DERIVATIVE FINANCIAL INSTRUMENTS

As at 31 December 2024 and 2023, all of the derivative financial instruments are interest rate swaps. The Groups entered into interest rate swap contracts with a bank to manage the exposure to the interest rate risk on the Groups' floating-rate borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. No hedge accounting is adopted and there is no offsetting during both years.

Major terms of the interest rate swaps as at 31 December 2024 and 2023 are as follows:

Total notional amount	Maturity	Floating interest rate	Fixed interest rate	Interest period
HK\$1,500,000,000	October – December 2025	Hong Kong Interbank Offered Rate ("HIBOR")	3.975% – 3.995%	Monthly

22. SECURED BANK LOANS

	2024 HK\$'000	2023 HK\$'000
Secured term loans	6,201,600	5,706,267
Secured revolving loans	3,000	352,880
Underwriting/loan extension fee	(39,996)	(8,842)
	6,164,604	6,050,305
Less: Amount due within one year shown under current liabilities	–	(6,050,305)
Amount due after one year shown under non-current liabilities	6,164,604	–

The maturity of the above loans based on scheduled repayment terms is as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	–	6,050,305
More than two years but not exceeding three years	6,164,604	–
	6,164,604	6,050,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

22. SECURED BANK LOANS (CONTINUED)

During the year ended 31 December 2024, the Groups entered a new banking facility with banks to refinance in full of secured bank loans of HK\$6,059,147,000 that matured in December 2024.

As at 31 December 2024, the Groups have a banking facility amounted to HK\$6,800,000,000 (2023: HK\$6,247,600,000), including term loans facility amounted to HK\$6,201,600,000 (2023: HK\$5,706,267,000) and revolving loans facility amounted to HK\$598,400,000 (2023: HK\$541,333,000).

Secured term loans of HK\$6,201,600,000 (2023: HK\$5,706,267,000) are variable-rate borrowings, bearing interest at HIBOR plus 0.85% (2023: HIBOR plus 0.83%) per annum and are repayable in one lump sum on maturity date which will fall due in December 2027 (2023: December 2024). Secured revolving loans of HK\$3,000,000 (2023: HK\$352,880,000) are variable-rate borrowings, bearing interest at HIBOR plus 0.85% (2023: HIBOR plus 0.83%) per annum and are revolving on a monthly basis, of which the related bank facility will expire in 2027 (2023: 2024). All bank loans are secured by the Groups' investment properties.

In respect of the secured bank loans with carrying amount of HK\$6,204,600,000 as at 31 December 2024 (2023: HK\$6,059,147,000), the Groups are required to conduct tests on certain financial covenants twice a year.

As at 31 December 2024, the Groups have complied with all financial covenants' tests, except for a test that is subject to the amount of deposit eligible to be placed into a restricted bank account after the end of the reporting period, therefore, the Groups classified the secured bank loans as non-current. The management of the Groups has assessed the financial condition of the Groups for the deposit and has considered the Groups are able to meet the forementioned financial covenant.

In respect of a non-current secured revolving loan with carrying amount of HK\$3,000,000 as at 31 December 2024, the Groups fully settled such secured revolving loan subsequently in January 2025.

23. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Within one year	610	808
More than one year but not exceeding two years	283	67
	893	875
Less: Amount due for settlement within one year shown under current liabilities	(610)	(808)
Amount due for settlement after one year shown under non-current liabilities	283	67

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

24. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Right-of-use assets HK\$'000	Lease liabilities HK\$'000	Fair value of derivative financial instruments HK\$'000	Total HK\$'000
At 1 January 2023	481,533	(42,136)	318	(318)	9,543	448,940
Credit (charge) to profit or loss	18,301	19,503	(177)	173	(9,543)	28,257
Under(over)provision in prior year	475	(7,060)	–	–	–	(6,585)
At 31 December 2023	500,309	(29,693)	141	(145)	–	470,612
Credit (charge) to profit or loss	15,615	(1,855)	4	(2)	(491)	13,271
Under(over)provision in prior year	96	(113)	–	–	–	(17)
At 31 December 2024	516,020	(31,661)	145	(147)	(491)	483,866

At the end of the reporting period, the Groups have unutilised tax losses of HK\$191,881,000 (2023: HK\$179,954,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$191,881,000 (2023: HK\$179,954,000) of such losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

25. ISSUED CAPITAL/UNITS

	Number of shares/ units	Nominal value HK\$
Authorised:		
Ordinary shares of HK\$0.0005 each		
At 1 January 2023, 31 December 2023 and 2024	5,000,000,000	2,500,000
Preference shares of HK\$0.0005 each		
At 1 January 2023, 31 December 2023 and 2024	5,000,000,000	2,500,000

Units issued/share capital issued and fully paid:

Share Stapled Units

In accordance with the Trust Deed and the Company's articles of association, the number of ordinary shares and preference shares of the Company must be the same at all times and must be equal to the number of Share Stapled Units. Hence, the movements of the number of Share Stapled Units are the same as that of the ordinary shares and preference shares as shown below.

	Number of shares	Nominal value HK\$
Ordinary shares of HK\$0.0005 each (note a)		
At 1 January 2023	3,273,483,079	1,636,742
Issue of ordinary shares as payment of hotel management fees and licence fee (note b)	15,846,932	7,923
Issue of ordinary shares as payment of hotel management fees and licence fee (note b)	29,538,995	14,770
At 31 December 2023	3,318,869,006	1,659,435
Issue of ordinary shares as payment of hotel management fees and licence fee (note b)	55,432,596	27,716
Issue of ordinary shares as payment of hotel management fees and licence fee (note b)	59,245,043	29,622
At 31 December 2024	3,433,546,645	1,716,773

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

25. ISSUED CAPITAL/UNITS (CONTINUED)

Share Stapled Units (Continued)

	Number of shares	Nominal value HK\$
Preference shares of HK\$0.0005 each (note c)		
At 1 January 2023	3,273,483,079	1,636,742
Issue of preference shares as payment of hotel management fees and licence fee (note b)	15,846,932	7,923
Issue of preference shares as payment of hotel management fees and licence fee (note b)	29,538,995	14,770
At 31 December 2023	3,318,869,006	1,659,435
Issue of preference shares as payment of hotel management fees and licence fee (note b)	55,432,596	27,716
Issue of preference shares as payment of hotel management fees and licence fee (note b)	59,245,043	29,622
At 31 December 2024	3,433,546,645	1,716,773
	2024	2023
	HK\$'000	HK\$'000
Issued capital/unit as shown in the consolidated financial statements	3,434	3,319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

25. ISSUED CAPITAL/UNITS (CONTINUED)

Share Stapled Units (Continued)

Notes:

- (a) All of the issued ordinary shares of the Company are held by the Trustee-Manager as legal owner in its capacity as trustee-manager of the Trust.
- (b) Details of Share Stapled Units issued for both years as payment of hotel management fees and licence fee are as follows (notes 31 and 35(c)):

Issue date	Relevant period	Date of issue price determined	Issue price HK\$	Aggregate issue price HK\$'000	Number of shares
7 March 2023	1 July 2022 to 31 December 2022	6 March 2023	1.053	16,686	15,846,932
25 August 2023	1 January 2023 to 30 June 2023	24 August 2023	0.951	28,091	29,538,995
9 May 2024 (note)	1 July 2023 to 31 December 2023	4 March 2024	0.646 (note)	35,810	55,432,596
30 August 2024	1 January 2024 to 30 June 2024	29 August 2024	0.499	29,563	59,245,043

Note: The hotel management fees and licence fee for the second half of 2023 of HK\$35,810,000 ("2H 2023 Hotel Manager's Fees") were payable to Langham Hotels International Limited, a fellow subsidiary as at 31 December 2023, which would be settled by the allotment and issue of 55,432,596 new Share Stapled Units at HK\$0.646 per Share Stapled unit (the "New SSUs") on 5 March 2024, the original payment deadline day of 2H 2023 Hotel Manager's Fees pursuant to the hotel management agreements and trademark licence agreements. On 4 March 2024, Langham Hotels International Limited and the Groups agreed to extend the original payment deadline day of 2H 2023 Hotel Manager's Fees to on or before 30 June 2024 as the issue of the New SSUs would exceed the original issuance cap that set in the hotel management agreements and trademark licence agreements. Following the approval of the majority of independent holders of Share Stapled Units in the extraordinary general meeting held on 8 May 2024 for increasing the issuance cap, the New SSUs were allotted and issued on 9 May 2024. The closing price of the Share Stapled Unit immediately preceding the issue date of 9 May 2024 was HK\$0.910 per Share Stapled Unit and the aggregate value of the New SSUs being issued is HK\$50,444,000 ("Aggregate Value"). An amount of HK\$14,634,000 was therefore recognised in the profit or loss as the difference between the aggregate issue price of the New SSUs and the Aggregate Value.

- (c) The preference shares issued are components of the Share Stapled Units and have no rights to dividends, distributions or other payment from the Company except in case of the winding up of the Company, or if the Trust is terminated, the preference shares would be redeemed on termination at their par value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

26. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Investment in subsidiaries (note)	–	–
Amounts due from subsidiaries	8,233,790	8,173,199
	8,233,790	8,173,199
Current assets		
Prepayments	507	517
Bank balances	3,458	4,123
	3,965	4,640
Current liability		
Accruals and other payable	482	1,224
Net current assets	3,483	3,416
Non-current liability		
Amount due to a subsidiary	3,843	3,071
NET ASSETS	8,233,430	8,173,544
Capital and reserves		
Issued capital	3,434	3,319
Reserves	8,229,996	8,170,225
TOTAL EQUITY	8,233,430	8,173,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

26. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	Share premium HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2023	8,311,326	–	(158,599)	8,152,727
Profit and total comprehensive income for the year	–	–	68,158	68,158
Distribution paid	(95,391)	–	–	(95,391)
Issue of ordinary and preference shares (note 25)	44,731	–	–	44,731
At 31 December 2023	8,260,666	–	(90,441)	8,170,225
Loss and total comprehensive expense for the year	–	–	(20,121)	(20,121)
Issue of ordinary and preference shares (note 25)	65,258	14,634	–	79,892
At 31 December 2024	8,325,924	14,634	(110,562)	8,229,996

Note: As at 31 December 2024, investment in subsidiaries amounted to HK\$16 (2023: HK\$16).

27. CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Groups manage their capital to ensure that entities in the Groups will be able to continue as a going concern while maximising the return to holders of Share Stapled Units through the optimisation of the debt and equity balances. The Groups' overall strategy remains unchanged from prior year.

The capital structure of the Groups consists of debt, which includes bank loans disclosed in note 22, net of cash and cash equivalents and equity attributable to holders of Share Stapled Units, comprising issued share capital, reserves and accumulated losses/retained profit. The capital structure of the Trust and the Company consists of equity attributable to holders of Share Stapled Units, comprising issued share capital/units, reserves and accumulated losses.

The Trustee-Manager and the Directors review the capital structure on a regular basis. As part of this review, the Trustee-Manager and the Directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Trustee-Manager and Directors, the Groups will balance its overall capital structure through new share issues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

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28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
<i>Financial assets at amortised cost</i>		
Other receivables	529	579
Bank balances	293,402	122,516
	293,931	123,095
Financial liabilities		
<i>Derivative financial instruments</i>		
Interest rate swaps	2,974	12,277
<i>Financial liabilities at amortised cost</i>		
Trade creditors	34,498	37,687
Other payables	20,276	22,235
Construction fee payables	2,616	5,211
Secured bank loans	6,164,604	6,050,305
	6,221,994	6,115,438
	6,224,968	6,127,715

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

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28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Groups' major financial instruments include derivative financial instruments, other receivables, bank balances, trade creditors, other payables, construction fee payables and secured bank loans. Details of the financial instruments are disclosed in respective notes. The risks associated with the Groups' financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Groups are exposed to fair value interest rate risk in relation to lease liabilities.

The Groups are exposed to cash flow interest rate risk in relation to pay-fixed/receive-floating interest rate swaps, bank balances and variable-rate secured bank loans. Interest rate risk is managed by the management on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. Interest rate risk on bank balances is considered immaterial and therefore has been excluded from the sensitivity analysis below. The Groups' cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Groups' pay-fixed/receive-floating interest rate swaps and variable-rate secured bank loans.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points (2023: 50 basis points) increase or decrease in pay-fixed/receive-floating interest rate swaps and secured bank loans is used which represents management's assessment of the effect from possible change in interest rates.

If the interest rates had been 50 basis points (2023: 50 basis points) higher or lower and all other variables were held constant, the Groups' profit for the year would decrease/increase by HK\$23,185,000 (2023: HK\$21,665,000). This is mainly attributable to the Groups' exposure to interest rates on its floating rate secured bank loans and the changes in fair value of pay-fixed/receive-floating interest rate swaps.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

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28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

The Groups' maximum exposure to credit risk which will cause a financial loss to the Groups due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Groups measure the loss allowance on bank balances equal to 12m ECL. The credit risk on bank balances is limited because counterparties are banks with external credit rating of at least A1 assigned by international credit-rating agencies.

As at 31 December 2024 and 2023, other than concentration of credit risk on receivable from Master Lessee and bank balances, which are deposited with several banks with high credit-ratings, the Groups do not have any other significant concentration of credit risk.

With respect to credit risk arising from the Groups' receivable from Master Lessee and lease receivable, the Groups' exposure to credit risk arising from default of the counterparties are limited as the counterparties have good history of repayment and the Groups do not expect to incur a significant loss arising from receivable from Master Lessee and lease receivable. In addition, the Groups perform impairment assessment under ECL model upon application of HKFRS 9. In this regard, the Trustee-Manager and the Directors consider that the Groups' credit risk is significantly reduced.

The Groups have concentration of credit risk as receivable from Master Lessee was due from a debtor.

The credit risk on derivative financial instruments is limited because the counterparty is a bank with external credit rating of at least A1 assigned by an international credit-rating agency.

Based on the ECL assessment, the credit exposures for all the financial assets, which are subject to ECL assessment, are considered as low risk because the counterparties have a low risk of default and does not have material past-due amounts. During the year ended 31 December 2024 and 2023, no loss allowance provision for the amounts was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk

In management of the liquidity risk, the Groups monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Groups' operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

Liquidity risk analysis

The following table details the Groups' contractual maturity for their non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities on the earliest date on which the Groups can be required to pay. The maturity dates for non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is derived from the interest rate at the end of the reporting period.

	Weighted average interest rate %	Less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 year to 2 years HK\$'000	2 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31 December 2024 HK\$'000
Non-derivative financial liabilities							
Trade creditors	N/A	34,498	-	-	-	34,498	34,498
Other payables	N/A	20,276	-	-	-	20,276	20,276
Construction fee payables	N/A	2,616	-	-	-	2,616	2,616
Secured bank loans – variable rate	5.23%	82,975	244,369	324,344	6,506,394	7,158,082	6,164,604
		140,365	244,369	324,344	6,506,394	7,215,472	6,221,994
Lease liabilities	3.90% – 5.61%	211	432	288	-	931	893
		140,576	244,801	324,632	6,506,394	7,216,403	6,222,887

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28. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity risk analysis (Continued)

	Weighted average interest rate %	Less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 year to 2 years HK\$'000	2 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount at 31 December 2023 HK\$'000
Non-derivative financial liabilities							
Trade creditors	N/A	37,687	–	–	–	37,687	37,687
Other payables	N/A	22,235	–	–	–	22,235	22,235
Construction fee payables	N/A	4,552	470	189	–	5,211	5,211
Secured bank loans							
– variable rate	4.96%	423,251	5,901,914	–	–	6,325,165	6,050,305
		487,725	5,902,384	189	–	6,390,298	6,115,438
Lease liabilities	1.87% – 3.90%	278	546	67	–	891	875
		488,003	5,902,930	256	–	6,391,189	6,116,313

In addition, the following table details the Groups' liquidity analysis for its derivative financial instruments based on its contractual maturity. For derivative financial instruments settled on a net basis, undiscounted cash inflows (outflows) are presented. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	Less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 year to 2 years HK\$'000	2 to 5 years HK\$'000	Total Undiscounted cash flows HK\$'000	Carrying amount at 31 December HK\$'000
2024						
Derivatives net settlement						
Interest rate swaps	50	(3,352)	–	–	(3,302)	(2,974)
2023						
Derivatives net settlement						
Interest rate swaps	1,640	(746)	(14,085)	–	(13,191)	(12,277)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

28. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values

The fair values of the financial liabilities representing derivative financial instruments are determined as detailed in note 28(d).

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis. The Trustee-Manager and the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

(d) Fair value measurements of financial instruments

One of the Groups' financial liabilities is measured at fair value at the end of the reporting period. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 December 2024				
<i>Derivative financial instruments</i>				
Liability				
Interest rate swaps	–	2,974	–	2,974
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 December 2023				
<i>Derivative financial instruments</i>				
Liability				
Interest rate swaps	–	12,277	–	12,277

There were no transfers between Levels 1 and 2 in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

28. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value measurements of financial instruments (Continued)

The following table gives information about how the fair value of the financial liability are determined (in particular, the valuation techniques and inputs used).

Financial liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation technique and key inputs
	2024 HK\$'000	2023 HK\$'000		
Interest rate swaps classified as non-current	–	12,277	Level 2	Discounted cash flow. Future cash flows are estimated based on interest rates (from observable interest rates at the end of the reporting period) and contracted rates discounted at a rate that reflects the credit risk of the counterparties.
Interest rate swap classified as current	2,974	–	Level 2	Discounted cash flow. Future cash flows are estimated based on interest rates (from observable interest rates at the end of the reporting period) and contracted rates discounted at a rate that reflects the credit risk of the counterparties.

(e) Financial liabilities subject to enforceable master netting arrangements

The Groups have entered certain derivative transactions that are covered by the International Swaps and Derivatives Association Master Agreements ("ISDA Agreements") signed with a bank. These derivative instruments are not offset in the consolidated statement of financial position as the ISDA Agreements are in place with a right of set off only in the event of default, insolvency or bankruptcy so that the Groups currently have no legally enforceable right to set off the recognised amounts.

As at 31 December 2024, the gross amount of financial liabilities that are subject to enforceable master netting arrangements are HK\$2,974,000 (2023: HK\$12,277,000). No deposit was placed with the counterparties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

29. PLEDGE OF ASSETS

As at 31 December 2024 and 2023, all investment properties of the Groups together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from the properties, are pledged to secure the term and revolving loan facilities granted to the Groups.

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Groups' liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Groups' consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK\$'000	Secured bank loans HK\$'000	Derivative financial instruments HK\$'000	Distribution payable HK\$'000	Total HK\$'000
At 1 January 2023	1,942	6,306,416	14,306	–	6,322,664
Net cash flows	(1,112)	(267,225)	–	(95,391)	(363,728)
Interest expense	45	–	–	–	45
Other changes					
Loan extension/front-end fee amortisation	–	11,114	–	–	11,114
Distribution declared	–	–	–	95,391	95,391
Fair value adjustments	–	–	(2,029)	–	(2,029)
At 31 December 2023	875	6,050,305	12,277	–	6,063,457
Net cash flows	(1,112)	104,653	–	–	103,541
Interest expense	38	–	–	–	38
Other changes					
Underwriting/loan extension fee amortisation	–	9,646	–	–	9,646
New lease entered	1,092	–	–	–	1,092
Fair value adjustments	–	–	(9,303)	–	(9,303)
At 31 December 2024	893	6,164,604	2,974	–	6,168,471

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

31. MAJOR NON-CASH TRANSACTIONS

The Groups incurred hotel management fees and licence fee payable to Langham Hotels International Limited for the year ended 31 December 2024 of HK\$62,300,000 (2023: HK\$63,901,000) (note 35(c)), of which HK\$29,563,000 (2023: HK\$28,091,000) was settled by Share Stapled Units.

In December 2024, the Groups refinanced the secured bank loans of HK\$6,059,147,000 in full with a new banking facility of HK\$6,800,000,000, from which HK\$6,204,600,000 was drawn down.

During the year ended 31 December 2024, the Groups entered into a new lease agreement for the use of leased properties for 2 years. On the lease commencement, the Groups recognised right-of-use assets and lease liabilities of HK\$1,092,000 (2023: Nil) and HK\$1,092,000 (2023: Nil) respectively.

32. COMMITMENTS

At 31 December 2023, the Groups had authorised capital expenditures for investment properties which were not provided for in these consolidated financial statements amounting to HK\$15,656,000 (2024: Nil) of which HK\$14,156,000 were contracted for.

Other than that, the Groups did not have any significant commitments at the end of the reporting period.

33. OPERATING LEASE COMMITMENTS

The Groups as lessor

Minimum lease payments receivable on leases are as follows:

	2024 HK\$'000	2023 HK\$'000
With Master Lessee		
Within one year	225,000	225,000
In the second year	225,000	225,000
In the third year	91,849	225,000
In the forth year	–	91,849
	541,849	766,849
With other tenants		
Within one year	1,289	825
In the second year	1,267	600
In the third year	738	543
In the forth year	213	–
	3,507	1,968

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

33. OPERATING LEASE COMMITMENTS (CONTINUED)

The Groups as lessor (Continued)

Leases with Master Lessee (note 35(a)) are negotiated for a term of 14 years from the Listing Date.

From commencement date to 31 December 2019 (the “First Period”), leases are negotiated at fixed annual base rent and variable rent based on 70% of the Hotels’ aggregate gross operating profit before deduction of global marketing fee. From 1 January 2020 to 31 December 2023 (the “Second Period”) and 1 January 2024 to expiry date of lease term (the “Third Period”), the leases are negotiated with reference to market rental to be determined by independent professional property valuer. It was determined in 2019 that fixed annual base rent of Second Period remained the same as the First Period and variable rent of Second Period was calculated as the same basis as that of the First Period. In 2023, it was determined that fixed annual base rent of the Third Period remains the same as the Second Period, while the applicable percentage of variable rent is changed to 50%. The above minimum lease payments only include fixed annual base rent of the Third Period as the variable rent of the Third Period cannot be determined as of the date of approval of the consolidated financial statements.

Leases with other tenants in respect of the retail shops in Eaton HK are negotiated for a term of four years at fixed monthly rentals and variable rentals which are charged based on the percentage of sales of retail shops. The above minimum lease payments only include fixed monthly rentals determined in the lease agreements as the variable rentals and the final year fixed rentals of one of the retail shops cannot be determined as of the date of approval of the consolidated financial statements.

34. RETIREMENT BENEFITS SCHEME

The Groups operate a Mandatory Provident Fund Scheme for all qualifying employees. The Groups are required to contribute 5%, while the employees are required to contribute 5% of their salaries to the scheme, subject to minimum and maximum relevant income levels.

Total contributions to retirement fund schemes for the year ended 31 December 2024 charged to the consolidated statement of profit or loss and other comprehensive income amounted to HK\$127,000 (2023: HK\$112,000).

35. CONNECTED AND RELATED PARTY DISCLOSURES

Other than as disclosed elsewhere in these consolidated financial statements, the Groups had the following significant transactions with related parties during the year. All of the following related parties are subsidiaries of Great Eagle Holdings Limited, the ultimate holding company, and Dr. Lo Ka Shui, Director of the Company, is a substantial shareholder, the chairman and managing director of Great Eagle Holdings Limited. The transactions were carried out in the normal course of the Groups’ business on terms mutually agreed between the parties. The following significant transactions are connected transactions other than the interest expense on lease liabilities, the following related parties are connected parties of the Groups as defined in the chapter 14A of the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

35. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)

	NOTES	2024 HK\$'000	2023 HK\$'000
Rental income			
Master Lessee	(a)	479,481	593,469
Management fee income			
Langham Hotels International Limited	(b)	630	600
Hotel management fees and licence fee			
Langham Hotels International Limited	(c)	62,300	63,901
Global marketing fee			
Langham Hotels Services Limited	(d)	17,112	17,301
Property management services fee			
Keysen Property Management Services Limited	(e)	3,058	2,843
Interest expense on lease liabilities			
Moon Yik Company, Limited	(f)	14	34
Management fee and air conditioning charge			
Moon Yik Company, Limited	(f)	109	106
Lease agency fee			
The Great Eagle Estate Agents Limited	(g)	113	118
Administrative support service fee			
The Great Eagle Company, Limited	(h)	979	960
Procurement services fee			
Champion Global Services Limited	(i)	390	272
Project management services fee paid (overpaid)			
The Great Eagle Development and Project Management Limited	(j)	540	(123)
Design and construction contracting services fee			
Keysen Engineering Company, Limited	(k)	1,459	852
Licence fee			
Sunrise Success Limited	(l)	962	962

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

35. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)

Notes:

- (a) For the purpose of connected and related party disclosures, rental income and related service fees income that charged to Master Lessee in accordance with the master lease agreements have been presented before netting with service fees (including hotel management fees, licence fee and global marketing fee) of HK\$79,412,000 (2023: HK\$81,202,000). Annual base rent of HK\$225 million was charged for the year ended 31 December 2024 and 2023. Variable rent payable was recorded based on 50% (2023: 70%) of the Hotels' aggregate gross operating profit before deduction of global marketing fee. No variable rent payable would be recorded when there is Hotels' aggregate gross operating loss before deduction of global marketing fee.

A reconciliation between the Hotels' aggregate gross operating profit and the Groups' segment profit and calculation of variable rent are shown as follows:

	2024 HK\$'000	2023 HK\$'000
Hotels' aggregate gross operating profit before deduction of global marketing fee	508,962	526,384
50% (2023: 70%) thereon, variable rent (before netting with services fees)	254,481	368,469
Base rent	225,000	225,000
Add:		
Rental income from retail shops in Eaton HK	1,737	1,698
Groups' segment revenue	481,218	595,167
Less:		
Service fees		
– Hotel management fees (i.e. base fee and incentive fee)	(46,423)	(47,713)
– Licence fee	(15,877)	(16,188)
– Global marketing fee	(17,112)	(17,301)
Property taxes, rates and insurance	(20,181)	(18,509)
Other deductions	(602)	(789)
Groups' segment profit	381,023	494,667

- (b) The management fee income was charge to Langham Hotels International Limited for its share of administration expenses.
- (c) Langham Hotels International Limited is entitled, in accordance with hotel management agreements, to (i) a base fee of 1.5% of the total revenue of the relevant hotels; (ii) licence fee of 1% of the total revenue of the relevant hotels (payable under the trademark licence agreements); and (iii) an incentive fee of 5% of the adjusted gross operating profit (i.e. Hotels' gross operating profit less the base fee and the licence fee) of the relevant hotels. The hotel management fees and license fee, which are part of service fees and have been netted with revenue, are reported as connected and related party transactions for the disclosure purpose. The hotel management fees and licence fee would be settled by Share Stapled Units (notes 25 and 31).

	2024 HK\$'000	2023 HK\$'000
(A) Total revenue of relevant hotels	1,587,671	1,618,814
(B) Adjusted relevant hotels' gross operating profit	452,158	468,614
(i) Base fee (A x 1.5%)	23,815	24,282
(ii) Licence fee (A x 1%)	15,877	16,188
(iii) Incentive fee (B x 5%)	22,608	23,431
Total fees	62,300	63,901

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

35. CONNECTED AND RELATED PARTY DISCLOSURES (CONTINUED)

Notes: (Continued)

- (d) Global marketing fee was payable on a fixed percentage of 2% of the total room revenue of the relevant hotels (i.e. HK\$855,606,000 (2023: HK\$865,048,000)) under centralised services fees and marketing agreements. Global marketing fee, which is part of service fees and has been netted with revenue, is reported as a connected and related party transaction for the disclosure purpose.
- (e) The property management services fee payable is determined based on the annual budget prepared by Keysen Property Management Services Limited, taking into account the actual cost incurred, plus remuneration to Keysen Property Management Services Limited, and the management shares allocated to Cordis, Hong Kong in respect of the lot of land on which it is situated.
- (f) Rental payments were made to Moon Yik Company, Limited for leasing office premises. Interest expenses on lease liabilities were recognised for years ended 31 December 2024 and 2023. As at 31 December 2024, lease liabilities to Moon Yik Company, Limited was approximately HK\$67,000 (2023: HK\$589,000). The management fee and air conditioning charge were payable to Moon Yik Company, Limited for the expenses related to office premises.
- (g) Lease agency fee was charged at the rate of 4% of the monthly rental income receivable from Eaton HK's retail shops plus an amount equivalent to a month's rental income arising from the leasing of the relevant retail shops for new leases and/or an amount equivalent to half month's rental income arising from the leasing of the relevant rental shops for renew leases (if any).
- (h) Administrative support service fee was charged on cost sharing basis and allocated to the Groups according to time spent by relevant personnel of The Great Eagle Company, Limited on the businesses of the Groups and the related share of administrative costs.
- (i) Procurement services fee at a rate of 5% of (a) the respective budgeted sums of furniture, fixtures and equipment categories for hotel renovation and operating supplies and equipment categories for hotel renovation and (b) the actual amount of the purchase orders for furniture, fixtures and equipment and operating supplies and equipment categories for hotel maintenance and miscellaneous categories.
- (j) Project management services fee at a rate of 3% of the actual amount of the construction cost for renovation of the Hotels as certified by project quantity surveyor or other consultants. The amount for the year ended 31 December 2023 was the refund of the overpaid project management services fee of renovation projects of the Hotels in previous year.
- (k) The contract sum for the work of design and construction contracting services shall be negotiated on an arm's length basis and determined between Keysen Engineering Company, Limited and/or its associated companies and the Groups subject to tender or price comparison process to be arranged by the Groups in accordance with its internal control policy.
- (l) Licence fee was paid to Sunrise Success Limited for the non-exclusive right of using the licenced area on 7th Floor of Wah Shun Industrial Building as warehouse.

The remuneration of Directors and Chief Executive Officer during the year was as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term benefits	3,989	3,868
Post-employment benefits	18	18
	4,007	3,886

The remuneration of Directors and Chief Executive Officer is determined by the remuneration committee having regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

36. PARTICULARS OF THE SUBSIDIARIES

Details of the Company's subsidiaries at 31 December 2024 and 2023 are set out below:

Direct subsidiaries	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company	
			2024	2023
– incorporated in the British Virgin Islands:				
LHIL Properties Limited	1 share of US\$1	Investment holding	100%	100%
LHIL Treasury Holdings Limited	1 share of US\$1	Investment holding	100%	100%

Direct subsidiary	Share capital issued		Principal activities	Percentage of issued equity share capital held by the Company	
	Number of shares	Issued and paid up share capital HK\$		2024	2023
– incorporated and operating in Hong Kong:					
LHIL Company Limited	1	1	Provision for administrative services	100%	100%

Indirect subsidiaries	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company	
			2024	2023
– incorporated in the British Virgin Islands:				
Braveforce Investments Limited	1 share of US\$1	Investment holding	100%	100%
LHIL Finance Holdings Limited	1 share of US\$1	Investment holding	100%	100%
LHIL (EHK) Limited	1 share of US\$1	Investment holding	100%	100%
LHIL (LHK) Limited	1 share of US\$1	Investment holding	100%	100%
LHIL (Cordis) Limited	1 share of US\$1	Investment holding	100%	100%
Rowan Enterprises Limited	1 share of US\$1	Investment holding	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TRUST AND THE COMPANY

For the year ended 31 December 2024

36. PARTICULARS OF THE SUBSIDIARIES (CONTINUED)

Indirect subsidiaries	Number of shares	Share capital issued		Principal activities	Percentage of issued equity share capital held by the Company	
		Issued and paid up	share capital		2024	2023
			US\$			
– incorporated in Liberia:						
Baxter Investment Limited	500	500		Investment holding	100%	100%
Glendive Investment Limited	500	500		Investment holding	100%	100%

Indirect subsidiaries	Number of shares	Share capital issued		Principal activities	Percentage of issued equity share capital held by the Company	
		Issued and paid up	share capital		2024	2023
			HK\$			
– incorporated and operating in Hong Kong:						
Grow On Development Limited	5,000	5,000		Property investment	100%	100%
Harvest Star International Limited	2	2		Property investment	100%	100%
Cordis Hong Kong Limited	2	2		Property investment	100%	100%
LHIL Finance Limited	1	1		Financing	100%	100%
LHIL Treasury (HK) Limited	1	1		Financing	100%	100%
LHIL Treasury Company Limited	1	1		Treasury management	100%	100%

None of the subsidiaries had any debt securities subsisting at 31 December 2024 and 2023 or at any time during the year.

INDEPENDENT AUDITOR'S REPORT OF LHIL MANAGER LIMITED



TO THE MEMBER OF LHIL MANAGER LIMITED
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the financial statements of LHIL Manager Limited (the “Company”) set out on pages 189 to 195, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors of the Company (the “Directors”) are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT OF LHIL MANAGER LIMITED

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

INDEPENDENT AUDITOR'S REPORT OF LHIL MANAGER LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

13 February 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF LHIL MANAGER LIMITED

For the year ended 31 December 2024

	NOTES	2024 HK\$	2023 HK\$
Revenue		–	–
Administrative expenses		(23,855)	(22,255)
Less: Amount borne by a fellow subsidiary and Trust Property (as defined in note 1)		23,855	22,255
Profit or loss before tax	4	–	–
Income tax	5	–	–
Profit or loss and total comprehensive income/expense for the year		–	–

STATEMENT OF FINANCIAL POSITION OF LHIL MANAGER LIMITED

At 31 December 2024

	NOTE	2024 HK\$	2023 HK\$
Current asset			
Cash on hand		1	1
NET ASSET		1	1
Capital			
Share capital	6	1	1
TOTAL EQUITY		1	1

The financial statements on pages 189 to 195 were approved and authorised for issue by the Board of Directors on 13 February 2025 and are signed on its behalf by:



LO Ka Shui
Director



Brett Stephen BUTCHER
Director

STATEMENT OF CHANGES IN EQUITY OF LHIL MANAGER LIMITED

For the year ended 31 December 2024

	Share capital HK\$
At 1 January 2023, 31 December 2023 and 31 December 2024	1

NOTES TO THE FINANCIAL STATEMENTS OF LHIL MANAGER LIMITED

For the year ended 31 December 2024

1. GENERAL

LHIL Manager Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The Company’s parent company is LHIL Management Limited, a limited liability company incorporated in the British Virgin Islands. The directors of the Company (the “Directors”) consider the Company’s ultimate holding company to be Great Eagle Holdings Limited, a limited liability company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited. The address of the registered office and the principal place of business of the Company is 33/F, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.

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

The costs and expenses of administering the Trust may be deducted from all property and rights of any kind whatsoever which are held on trust for the register holders of units of the Trust (the “Trust Property”), in accordance with the terms of the deed of trust dated 8 May 2013 constituting the Trust entered into between the Company and Langham Hospitality Investments Limited as amended by the first supplemental deed dated 22 April 2016 and the second supplemental deed dated 12 May 2022 (collectively, the “Trust Deed”) but, commensurate with its specific and limited role, the Company will not receive any fee for administering the Trust.

The Company had no income for both years, thus the distribution statement is not presented.

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

The Company had no cash transaction during the year as all of its transactions were settled through inter-company current account, thus the statement of cash flows is not presented.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Company’s financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS OF LHIL MANAGER LIMITED

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

The Company has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the financial statements in the foreseeable future.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 *“Presentation and Disclosure in Financial Statements”*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *“Presentation of Financial Statements”*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *“Accounting Policies, Changes in Accounting Estimates and Errors”* and HKFRS 7 *“Financial Instruments: Disclosures”*.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Company is in the process of assessing the detailed impact of HKFRS 18 on the Company’s financial statements.

NOTES TO THE FINANCIAL STATEMENTS OF LHIL MANAGER LIMITED

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods or services.

The material accounting policy information is set out below.

Financial instruments

Financial asset

Financial asset is recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial asset is initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial asset are added to the fair value of the financial asset, as appropriate, on initial recognition.

Classification and subsequent measurement of financial asset

Financial asset that meet the following conditions is subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instrument issued by the Company is recognised at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS OF LHIL MANAGER LIMITED

For the year ended 31 December 2024

4. PROFIT OR LOSS BEFORE TAX

	2024 HK\$	2023 HK\$
Profit or loss before tax has been arrived at after charging:		
Auditor's remuneration	20,000	20,000
Directors' remuneration	—	—

5. INCOME TAX

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

6. SHARE CAPITAL

	Number of ordinary share	Nominal value HK\$
Issued and fully paid:		
Ordinary share with no par value		
At 1 January 2023, 31 December 2023 and 2024	1	1

7. CAPITAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company manages its capital to ensure that the Company will be able to continue as a going concern. The Company's overall strategy remains unchanged from prior year.

The capital structure of the Company consists of equity attributable to shareholder, comprising issued share capital.

The Directors review the capital structure on a regular basis. As part of this review, the Directors consider that the cost of capital and the associated risks. Based on recommendations of the Directors, the Company will balance its overall capital structure through new share issues.

NOTES TO THE FINANCIAL STATEMENTS OF LHIL MANAGER LIMITED

For the year ended 31 December 2024

8. FINANCIAL INSTRUMENT

(a) Category of financial instrument

	2024 HK\$	2023 HK\$
Financial asset		
<i>Financial asset at amortised cost</i>		
Cash on hand	1	1

(b) Financial risk management objective and policy

The Company's financial instrument represents cash on hand. The risk associated with the Company's financial instrument is limited.

9. RELATED PARTY DISCLOSURES

Transaction with a fellow subsidiary is disclosed in the statement of profit or loss and other comprehensive income.

All of the Company's key management personnel are Directors. No directors' emoluments were paid or payable by the Company since the Directors of the Company are not entitled to any remuneration under the terms as set out in their letters of appointment of Directors.

SCHEDULE OF INVESTMENT PROPERTIES

The Trust Group has 100% interest in the investment properties listed below, which are held under medium term leases.

Name and Location	Use	Gross Floor Area (sq.ft.)
The Langham, Hong Kong 8 Peking Road, Tsim Sha Tsui, Kowloon, Hong Kong	Hotel/Commercial	375,000
Cordis, Hong Kong 555 Shanghai Street, Mong Kok, Kowloon, Hong Kong	Hotel	580,000
Eaton HK 380 Nathan Road, Yau Ma Tei, Kowloon, Hong Kong	Hotel/Commercial	339,000

FIVE YEARS' FINANCIAL SUMMARY

	For the year ended 31 December				
	2020	2021	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
RESULTS					
Revenue	208,256	224,352	332,106	513,965	401,806
(Loss)/Profit before tax	(2,826,678)	(337,218)	461,134	1,099,842	229,705
Income tax (expenses)/credit	(6,129)	(9,344)	(41,573)	(19,523)	2,019
(Loss)/Profit for the year attributable to Holders of shares of the Company/ Share Stapled Units	(2,832,807)	(346,562)	419,561	1,080,319	231,724
	2020	2021	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS AND LIABILITIES					
Total assets	15,079,578	14,612,576	15,022,631	15,835,032	16,238,344
Total liabilities	(6,949,981)	(6,812,790)	(6,861,678)	(6,644,374)	(6,735,933)
Net assets	8,129,597	7,799,786	8,160,953	9,190,658	9,502,411

GLOSSARY OF TERMS

In this Annual Report, unless the context otherwise requires, the following expressions shall have the following meanings:

Terms	Definition
"AGM"	The annual general meeting of the Trust and the Company to be held on a combined basis as a meeting
"Board(s)" or "Board(s) of Directors"	Board of directors of the Trustee-Manager and/or Board of directors of the Company
"Code of Conduct for Securities Transactions"	Code of Conduct regarding Securities Transactions by Directors and Relevant Employees adopted by the Trustee-Manager and the Company
"Company"	Langham Hospitality Investments Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 29 January 2013
"Company's Articles of Association"	The second amended and restated articles of association of the Company adopted on 12 May 2022 as amended, supplemented, substituted or otherwise modified for the time being in force
"Company Board"	The Board of the Company
"Corporate Governance Code"	Appendix C1 "Corporate Governance Code" of the Listing Rules
"Great Eagle"	Great Eagle Holdings Limited (Stock Code: 41), the holding company of the Trust and the Company, holding 71.22% of the issued Share Stapled Units as at 31 December 2024
"Great Eagle Group"	Great Eagle and its subsidiaries
"Great Eagle ROFR Deed"	The Deed of Right of First Refusal dated 10 May 2013 entered into between Great Eagle and the Company
"Group"	The Company and its subsidiaries
"HKAS"	Hong Kong Accounting Standard
"HKEX"	Hong Kong Exchanges and Clearing Limited
"HKFRS"	Hong Kong Financial Reporting Standard

GLOSSARY OF TERMS

Terms	Definition
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKTB"	Hong Kong Tourism Board
"Holder(s) of Share Stapled Units" or "Unitholder(s)"	Holder(s) of Share Stapled Units of the Trust and the Company
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hotel Companies"	The companies which own the Hotels, being Harvest Star International Limited, Cordis Hong Kong Limited and Grow On Development Limited; and "Hotel Company" shall mean any of them
"Hotel Manager"	Langham Hotels International Limited, a company incorporated in Hong Kong with limited liability on 30 August 1984 and an indirect wholly-owned subsidiary of Great Eagle
"Hotel(s)"	The Langham, Hong Kong, Cordis, Hong Kong and Eaton HK
"Listing Date"	30 May 2013, being the date of listing of the Share Stapled Units on the Stock Exchange
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Master Lessee"	GE (LHIL) Lessee Limited, a company incorporated in Hong Kong with limited liability on 5 February 2013 and an indirect wholly-owned subsidiary of Great Eagle
"Model Code"	Appendix C3 "Model Code for Securities Transactions by Directors of Listed Issuers" of the Listing Rules
"Registers"	The Share Stapled Units Register, the register of holders of units, the principal and Hong Kong branch registers of members, and the register of beneficial interests as established and maintained by the Trustee-Manager and the Company in accordance with the provisions of the Trust Deed
"RevPAR"	Revenue per available room
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

GLOSSARY OF TERMS

Terms	Definition
"Share Stapled Unit(s)" or "SSU(s)"	<p>Share stapled unit(s) jointly issued by the Trust and the Company. A share stapled unit is the combination of the following securities or interests in securities 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:</p> <ul style="list-style-type: none"> (a) a unit in the Trust; (b) the beneficial interest in a specifically identified ordinary share in the Company linked to the unit in the Trust and held by the Trustee-Manager; and (c) a specifically identified preference share in the Company stapled to the unit in the Trust
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Trust"	Langham Hospitality Investments, as constituted pursuant to the Trust Deed
"Trust Deed"	The deed of trust dated 8 May 2013 constituting the Trust, entered into between the Trustee-Manager and the Company and as amended by a first supplemental deed dated 22 April 2016 and a second supplemental deed dated 12 May 2022
"Trust Group"	The Trust and the Group
"Trustee-Manager"	LHIL Manager Limited, a company incorporated in Hong Kong with limited liability on 25 January 2013 and an indirect wholly-owned subsidiary of Great Eagle, in its capacity as trustee-manager of the Trust
"Trustee-Manager Board"	The Board of the Trustee-Manager
"Valuer" or "Vigers"	Vigers Appraisal and Consulting Limited, an independent property valuer appointed by the Company pursuant to the Master Lease Agreements

This annual report is available in both English and Chinese versions and has been published on our corporate website at www.langhamhospitality.com and the HKEXnews' website at www.hkexnews.hk.

LANGHAM HOSPITALITY INVESTMENTS

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

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LANGHAM HOSPITALITY INVESTMENTS LIMITED

(Incorporated in the Cayman Islands with limited liability)



Suite 2702, 27th Floor, Great Eagle Centre,
23 Harbour Road, Wanchai, Hong Kong
Tel: 2186 2500 Fax: 2186 9867

www.langhamhospitality.com

