

## CHIEF CORPORATE AND GOVERNANCE OFFICER'S INTRODUCTION



“ Our governance framework sets the foundation for the development and delivery of our business goals. It ensures that we, as a Board, have access to the right information at the right time, to oversee progress and provide direction. ”

Dear Shareholders,

Our company is always committed to maintaining high levels of corporate governance to uphold our values and principles of integrity, accountability and transparency in all our business operations. We endeavour to inspire trust and confidence among shareholders and stakeholders.

The Board continues to be the focal point of our governance framework, with support from committees. The Board focuses on our key priorities, makes important decisions necessary for progress, and is held accountable for doing so by our shareholders. It also reviews all key areas of the business and debates these with senior management. As an Executive Director, I am grateful for the great leadership and direction of the Board through the various challenges we face.

### Board changes

During the year, we announced a number of significant changes to the composition of our Board. We were pleased to welcome Mr Diego González Morales who joined the Board as a Non-Executive Director in March 2023, following Mr William Mocatta's retirement from the Board after 37 years with the group. I am also delighted to have been appointed Executive Director and Chief Corporate and Governance Officer in August 2023. This has had a positive effect on our gender diversity efforts, further increasing the proportion of female members on the Board. Mr Keith Robertson joined the Board as the new Chief Financial Officer in January 2024, succeeding Mr Christopher Ip who resigned in March 2023. We also announced the retirement of Mr Peter Borer, the Executive Director and Chief Operating Officer, in July 2024. He will be re-designated as a Non-Executive Director and will become a Senior Advisor to the Chairman. Mr Gareth Roberts, who has been with the group since 2002, will be Mr Borer's successor. He has assumed the role of Deputy Chief Operating Officer since 1 January 2024. Later in the year, Mr Clement Kwok will also be retiring from his role as Managing Director and Chief Executive Officer of the company on 31 October 2024 and will continue to serve as an Executive Director until the 2025 Annual General Meeting. A search is currently being conducted for Mr Kwok's successor as CEO.

Finally, we announced the retirement of Mr John Leigh. After serving our Board for 18 years, Mr Leigh will retire from his position as Non-Executive Director on 8 May 2024, at the conclusion of the 2024 Annual General Meeting.

The Board will greatly benefit from the newly appointed directors' broad and varied expertise, which will bring fresh perspectives and valuable new contributions. Further details regarding the changes made to our Board can be found in the Nomination Committee Report.

### A governance framework at the heart of our culture

The Board leads a governance framework which sits at the heart of our company culture. This culture is aligned with our purpose, our values and principles of integrity, accountability and transparency. These values and leadership behaviours are led by the Board and embedded at all levels of the organisation and reinforced by our robust corporate governance framework. We believe that the long-term success and sustainability of the group lies in doing the right thing by our guests, employees and the communities we serve, ensuring value creation for our shareholders and other stakeholders.

### Managing risks in an uncertain climate

As we emerged from one of the most challenging periods in our history, we were reminded of the importance of managing risks across the group and seeking, where possible, to anticipate potential future shocks to our business, whether they come from within or outside of the organisation. Our governance framework ensures that where improvements can be made to internal controls, we do so efficiently, without putting any unnecessary drag on our business recovery, and with rigorous oversight from our Group Risk Committee. We have kept a keen eye on technological developments such as generative Artificial Intelligence (AI) tools, resulting in the adoption of an internal policy to enhance our employees' awareness of the ethical and responsible use of AI technology, and to help prevent misuse or harm to individuals or the company. We have also sought to heighten focus on broader risks including those emanating from climate change, such as rising sea levels and coastal flood risks. More details can be read in the Group Risk Committee Report on pages 186 to 189 of this report.

It is with the climate and associated risks in mind that we have continued to emphasise our commitment to corporate responsibility and sustainability, not only to protect the long-term sustainability of our business, but to ensure that we have a positive impact on the social, economic and environmental fabric of the communities in which we operate. The Board is responsible for the long-term success of the group and has ultimate responsibility for climate-related risks and opportunities, and is supported by the Group Corporate Responsibility Committee. More details can be read in the Group Corporate Responsibility Committee Report on pages 190 to 194 of this report and our online Corporate Responsibility and Sustainability Report.

### Compliance

We are reporting in the context of the Stock Exchange's Corporate Governance Code in Appendix C1 of the Listing Rules. We see corporate governance not merely as a compliance exercise but rather as an evolving core discipline that serves as a foundation of the success of the company. This report reinforces the commitment of the Board and senior management to the high standards of our corporate governance, which supports the development of strong corporate culture throughout the group.

### Long-term sustainability

We believe that our governance structure has proven effective in navigating the uncertainty of the world today. We are proud of the way our company has risen to the challenges of the past three years, demonstrating that we have an agile and resilient business capable of delivering long-term success and sustainability for the group.

Christobelle Liao  
19 March 2024

## 2023 HIGHLIGHTS

### Openings of The Peninsula Istanbul and The Peninsula London

The Board provided strategic direction, guidance and oversight throughout the development of these two strategic investments. It regularly monitored the progress of construction, budget and timelines, and the eventual opening of the two hotels for business. The Peninsula Istanbul and The Peninsula London opened in February and September 2023 respectively, with grand openings due to take place in June 2024.

### Board and Senior Management Appointments

Mr Diego González Morales was appointed as a Non-Executive Director of the company on 31 March 2023.

Ms Christobelle Liao was appointed as an Executive Director and the Chief Corporate and Governance Officer of the company on 4 August 2023, transitioning from her previous senior management role. With her appointment we also improved our proportion of female Directors on the Board.

Mr Keith Robertson was appointed as an Executive Director and Chief Financial Officer of the company on 29 January 2024, succeeding Mr Christopher Ip (who resigned on 31 March 2023).

Mr Peter Borer will be re-designated as a Non-Executive Director of the company and become a Senior Advisor to the Chairman for a term of two years from August 2024, following his retirement as an Executive Director and the Chief Operating Officer of the company from 31 July 2024.

Mr Gareth Roberts will succeed Mr Borer as an Executive Director and the Chief Operating Officer of the company from 1 August 2024, transitioning from his previous senior management role. He has assumed the role of Deputy Chief Operating Officer from 1 January 2024.

Ms Ming Chen was appointed as Chief Property Development Officer of the company on 1 January 2024 transitioning from her previous key function role.

### Company's Strategy

Our Group Management Board held its annual full-day strategic meeting with the Chairman and some of the Non-Executive Directors invited to attend. Matters discussed included the company's vision, future developments, key pillars of The Peninsula brand and people and culture. Key takeaways from the meeting were highlighted and discussed at the subsequent Board Meeting.

## Internal Control Enhancement

We updated the HSH Employee Handbook and HSH Employee Guide for Head Office to reflect updated workplace practices and employees have confirmed receipt and understanding of the updated HSH Employee Handbook.

We revamped the HSH Finance Policies and Procedures to standardise all the current practices across the group, aligning with best market practices and strengthening our internal controls.

We updated the Policy for Engagement of the External Auditor for Non-Assurance Services to align with the Code of Ethics for Professional Accountants.

Mandatory compliance training programmes for all HSH employees continued to be rolled out, including in relation to our Code of Conduct, Fair Competition Policy, Data Privacy Policy and Cybersecurity.

## Culture and Communications

We introduced MyHSH Hub, a new employee portal providing real-time access to the group's news, operating statistics, best practices, policies, knowledge, experience and expertise among our colleagues.

We renamed the Human Resources Department to the People and Culture Department, emphasising that our people are key to our competitive edge and to place the company culture at the forefront of all we do.

# OUR LEADERSHIP - BOARD MEMBERS

## Board Members



## Non-Executive Chairman



**The Hon. Sir Michael Kadoorie** N E

Age: 82      Appointed: November 1964

### Key strengths and experience

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

### Titles, qualifications and education

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

### Other major offices

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

### Other information

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

#### Governance Board Committees

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Chairman of the Committee

#### Other Board Committees

- E Executive Committee
- F Finance Committee
- Chairman of the Committee

<sup>#</sup> The securities of these companies are currently listed on the Hong Kong Stock Exchange

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



## Non-Executive Deputy Chairman



### Andrew Clifford Winawer Brandler A R E F

Age: 67      Appointed: May 2014

#### Key strengths and experience

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

#### Titles, qualifications and education

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

#### Other major offices

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

#### Other information

Director of several of the group's entities

## Executive Directors



### Chief Executive Officer Clement King Man Kwok E F

Age: 64      Appointed: February 2002

#### Key strengths and experience

Mr Kwok has over two decades of hospitality and real estate experience as the Managing Director and Chief Executive Officer of the company, as well as board and committee experience for other listed entities. Mr Kwok's prior experience was in accounting, investment banking, and corporate and financial management. After qualifying as a Chartered Accountant with Price Waterhouse London in 1983, he had over 10 years of investment banking experience with Barclays de Zoete Wedd in London and Schroders Asia in Hong Kong, where he was appointed as Head of Corporate Finance in 1991. Mr Kwok then served as Finance Director of the MTR Corporation from 1996 to 2002.

Mr Kwok's knowledge of international markets, accounting, corporate risk management and compliance is enhanced by his experience serving on prominent regulatory bodies such as the Hong Kong Stock Exchange Listing Committee, the Hong Kong Takeovers and Mergers Panel and the Interpretations Committee of the International Accounting Standards Board. He was previously an Independent Non-Executive Director of Swire Pacific Limited and Orient Overseas (International) Limited.

#### Titles, qualifications and education

Chevalier dans l'Ordre National de la Légion d'Honneur  
Member of the Institute of Chartered Accountants in England and Wales  
Member of the Hong Kong Institute of Certified Public Accountants  
Fellow of Hong Kong Management Association  
BSc in Economics, London School of Economics

#### Other major offices

Hang Seng Bank Limited<sup>#</sup> (Independent Non-Executive Director and Chairman of Audit Committee)  
World Travel & Tourism Council (Council Member)  
Faculty of Business and Economics of The University of Hong Kong (Member of International Advisory Council)

#### Other information

Director of the majority of the group's entities  
Mr Kwok will be stepping down as the Managing Director and Chief Executive Officer of the company effective from 31 October 2024 but will remain on the Board as an Executive Director and Advisor to the CEO until the conclusion of the 2025 Annual General Meeting.

## Our Leadership - Board Members



### Chief Operating Officer

Peter Camille Borer

Age: 70      Appointed: April 2004

#### Key strengths and experience

Mr Borer joined the group in 1981 and has been responsible for developing the group's high standards of customer service and operational excellence. Following various operational roles, he was appointed General Manager of The Peninsula Hong Kong in 1994, taking on additional regional responsibility for the group's Asia hotel portfolio in 1999. Mr Borer was appointed as Chief Operating Officer in April 2004 and oversees the operations of the group's assets globally.

#### Titles, qualifications and education

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

#### Other major offices

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

#### Other information

Alumni Network of Ecole hôtelière de Lausanne (Lifetime Achievement Award)  
 Director of the majority of the group's entities  
 Mr Borer will be stepping down as an Executive Director and the Chief Operating Officer of the company effective from 31 July 2024 and will be re-designated as a Non-Executive Director of the company and will become a Senior Advisor to the Chairman for a term of two years with effect from 1 August 2024.



### Chief Corporate and Governance Officer

Christobelle Yi Ching Liao

Age: 55      Appointed: August 2023

#### Key strengths and experience

Ms Liao joined the group as Company Secretary and General Counsel in 2002. She was appointed to Group Management Board in 2011 and was promoted to Group Director, Corporate and Legal in 2013 while retaining the position of Company Secretary. Over the years, she has expanded to a much broader role overseeing the group corporate functions including group insurances, risk management and corporate governance as well as the group's investment in Istanbul and organisational development strategies, such as WorkPlace 2025. In her role as Executive Director, she takes on additional responsibilities overseeing the Projects Group and the Group Corporate Responsibility and Sustainability function.

#### Titles, qualifications and education

Bachelor of Laws, London School of Economics and Political Science  
 Qualified Solicitor of Hong Kong and England & Wales

#### Other information

Director of the majority of the group's entities



### Chief Financial Officer

Keith James Robertson F

Age: 56      Appointed: January 2024

#### Key strengths and experience

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

#### Titles, qualifications and education

BA (Hon) in Economics and Economic History,  
University of Leicester  
Fellow of the Institute of Chartered Accountants in  
England and Wales

#### Other information

Director of the majority of the group's entities

## Non-Executive Directors



John Andrew Harry Leigh E F

Age: 70      Appointed: May 2006

#### Key strengths and experience

A long-serving non-executive director of the company, Mr Leigh has extensive knowledge of the hospitality industry. Mr Leigh is a solicitor with a background in private practice and has previously served as in-house senior legal advisor to the CLP group. He brings wide-ranging corporate governance and board-level global market experience across a number of industries, including property, aviation and utilities, with particular expertise in risk management and compliance.

#### Titles, qualifications and education

Graduate of Universities of London, Surrey and  
Macau  
Solicitor of Hong Kong, England & Wales and  
Australia

#### Other major offices

CLP Holdings Limited# (Non-Executive Director)  
(until March 2024)  
Sir Elly Kadoorie & Sons Limited\* (Director)  
Metrojet Limited (Director)  
Heliservices (Hong Kong) Limited (Director)

#### Other Information

Mr Leigh will retire from the Board at the conclusion of the Annual General Meeting on 8 May 2024.

## Our Leadership - Board Members



### Nicholas Timothy James Colfer

Age: 64      Appointed: May 2006

#### Key strengths and experience

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

#### Titles, qualifications and education

BA and MA, University of Oxford

#### Other major offices

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

#### Other information

Director of one of the group's entities



### James Lindsay Lewis

Age: 49      Appointed: December 2017

#### Key strengths and experience

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

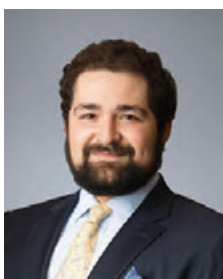
Mr Lewis' entrepreneurial and operations insight enables him to support the Board by driving strategy through execution and from vision to value.

#### Titles, qualifications and education

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

#### Other major offices

Sir Elly Kadoorie & Sons Limited\* (Director)



### Philip Lawrence Kadoorie

Age: 32      Appointed: December 2017

#### Key strengths and experience

Mr Kadoorie oversees a number of Kadoorie family interests in Hong Kong and overseas. Prior to his appointment to the Board, Mr Kadoorie completed various internships in commercial property companies in London and at CLP Group in Hong Kong. He holds other Board positions and has developed strong expertise in the property sector.

#### Titles, qualifications and education

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

#### Other major offices

CLP Holdings Limited<sup>#</sup> (Non-Executive Director and Member of Sustainability Committee)  
 CK Hutchison Holdings Limited<sup>#</sup> (Independent Non-Executive Director)  
 Sir Elly Kadoorie & Sons Limited\* (Director)

#### Other information

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





## Diego Alejandro González Morales

Age: 40      Appointed: March 2023

### Key strengths and experience

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

### Titles, qualifications and education

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

### Other major offices

CLP Holdings Limited<sup>#</sup> (Non-Executive Director and Member of Finance & General Committee) (from April 2024)  
 Sir Elly Kadoorie & Sons Limited\* (Director)

### Other information

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

## Independent Non-Executive Directors



## Dr the Hon. Sir David Kwok Po Li N

Age: 85      Appointed: October 1987

### Key strengths and experience

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

### Titles, qualifications and education

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

### Other major offices

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

## Our Leadership - Board Members



### Patrick Blackwell Paul, CBE A R

Age: 76      Appointed: February 2004

#### Key strengths and experience

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

#### Titles, qualifications and education

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

#### Other major offices

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



### Pierre Roger Boppe

Age: 76      Appointed: May 1996

#### Key strengths and experience

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

#### Titles, qualifications and education

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



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

Age: 75      Appointed: January 2011

#### Key strengths and experience

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

#### Titles, qualifications and education

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

#### Other major offices

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



## Dr Rosanna Yick Ming Wong, DBE, JP

Age: 71      Appointed: February 2013

### Key strengths and experience

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

### Titles, qualifications and education

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

### Other major offices

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



## Dr Kim Lesley Winsor, OBE

Age: 65      Appointed: January 2016

### Key strengths and experience

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

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

Dr Winsor holds an independent advisory role in two global companies, Spora Biotech, a company in Chile developing mushroom mycelium into planet friendly fabrics, and PTP, an Australian based fitness company.

### Titles, qualifications and education

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

### Other major offices

Winsor London Limited, an online womenswear business (founder and CEO)

### Other information

Former name was Kim Lesley Haresign

## Our Leadership - Board Members



### Ada Koon Hang Tse A

Age: 57      Appointed: December 2017

#### Key strengths and experience

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

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

#### Titles, qualifications and education

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

#### Other major offices

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

## Honorary Life President

### Ronald James McAulay

Age: 88      Appointed: May 1972

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

# OUR LEADERSHIP - SENIOR MANAGEMENT AND KEY FUNCTIONS

## Senior Management

### Group Management Board (GMB)

Chaired by Mr Kwok, GMB is the principal decision-making body responsible for management and day-to-day business of the group. It carries out its management function under clear guidelines and delegated authorities granted by the Board. GMB meets weekly to discuss and manage the affairs of the company, as well as the group's business strategy. Financial and non-financial factors, including corporate responsibility and sustainability factors, are considered in the day-to-day decision-making at GMB meetings. GMB also sets aside time every year for a strategic meeting to reflect on the current status and review the future direction of the business. Findings and recommendations are then communicated to the respective Board Committees or Board. In 2023, the strategic meeting was attended by the Chairman and some of the Non-Executive Directors (NEDs) and key takeaways from the meeting were highlighted and discussed at the subsequent Board Meeting<sup>1</sup>.

Members of the Group Management Board include Executive Directors Clement Kwok, Peter Borer, Christobelle Liao and Keith Robertson<sup>2</sup>, and the following senior management members.

### Other members:



#### Ming Chen

**Chief Property Development Officer**

**Appointed to GMB:** January 2024

**Age:** 47

#### Main responsibilities held with the group

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



#### Joseph Chong

**Regional Executive Vice President, Asia, and**

**Managing Director, The Peninsula Hong Kong** (retitled in 2024)

**Appointed to GMB:** June 2019

**Age:** 56

#### Main responsibilities held with the group

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

<sup>1</sup> Please refer to 2023 Board Focus on pages 173 and 174

<sup>2</sup> Profiles of Clement Kwok, Peter Borer, Christobelle Liao and Keith Robertson are disclosed on pages 155 to 157



## Our Leadership - Senior Management and Key Functions



### Maria Razumich-Zec

**Regional Executive Vice President and Managing Director, The Peninsula Chicago**

(retitled in 2024)

**Appointed to GMB:** June 2007

**Age:** 66

#### Main responsibilities held with the group

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



### Gareth Roberts

**Deputy Chief Operating Officer**

**Appointed to GMB:** July 2020

**Age:** 42

#### Main responsibilities held with the group

Mr Roberts joined the group in 2002 at The Peninsula Beverly Hills and later became Resident Manager in 2011. He relocated to China in 2013 as Hotel Manager of The Peninsula Shanghai. In 2015, he transferred to HSH Head Office, where he was promoted to Group General Manager, Operations Planning and Support in November 2016 and Group Director, Brand and Operations Support in July 2020. He is responsible for overseeing sales and marketing, branding, guest experience and operations for both existing and future hotel developments for The Peninsula Hotels. In addition, he oversees Peninsula Merchandising Limited, which comprises The Peninsula Boutique retail business. On 1 January 2024, he took on additional responsibilities in the role of Deputy Chief Operating Officer, assuming various duties under the mentorship of Chief Operating Officer Peter Borer. Mr Roberts will be the new Chief Operating Officer and an Executive Director from 1 August 2024. He is a Director of several of the group's entities.



### Sindy Tsui

**Chief People and Culture Officer** (retitled in 2024)

**Appointed to GMB:** June 2011

**Age:** 55

#### Main responsibilities held with the group

Ms Tsui joined the group as General Manager, Human Resources (retitling to People and Culture) in 2007. She has many years of experience in human resources management in the hospitality industry. As the Chief People and Culture Officer, Ms Tsui holds overall responsibility for the group's strategy on employee experience and talent development. She is one of the key leaders of the group's organisational development strategies, WorkPlace 2025 and employee wellness.

## Key Functions

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

Arnold Angeles, *Vice President, Research & Technology*

Nilgun Arsankan, *General Manager, Projects*

Theresa Au, *General Manager, Operations Finance*

Olaf Born, *General Manager, The Repulse Bay Company, Limited and General Manager, Peninsula Clubs and Consultancy Services Limited*

Rolf Buehlmann, *Managing Director, The Peninsula London*

Cary Chan, *Senior Vice President, People and Culture*

Jisoo Chon, *Managing Director, The Peninsula Shanghai*

Mark Choon, *Managing Director, The Peninsula Tokyo*

David Chow, *General Manager, The Peak Complex*

Jonathan Crook, *Managing Director, The Peninsula Istanbul*

Cameron Cundle, *Managing Director, The Peninsula Beijing*

Ozben Ergul, *General Manager, Construction*

Aiden Fung, *General Manager, Corporate Finance and Investor Relations*

Michael Garcia, *Group General Manager, Technology*

Alistair Gough, *General Manager, Projects – The Peninsula London*

Jason Hui, *Senior Vice President, Group Security and Operational Risk*

Samir Ibrahim, *Managing Director, The Peninsula New York*

Till Lembke, *Group General Counsel*

Kai Lermen, *Managing Director, Quail Lodge & Golf Club*

Cecilia Lui, *Director, PRC Affairs*

John Miller, *Consultant Director of Design*

Lynne Mulholland, *General Manager, Group Corporate Affairs*

Louise Napier, *Senior Vice President, Global Commercial Leasing*

Offer Nissenbaum, *Managing Director, The Peninsula Beverly Hills*

Masahisa Oba, *Managing Director, The Peninsula Bangkok*

Vincent Pimont, *Managing Director, The Peninsula Paris*

Charlie Pojanartvichaikul, *General Manager, The Landmark Vietnam*

Guy Riddell, *Managing Director, Peninsula Merchandising Limited*

Ernest Tang, *Group General Manager, Group Finance*

Kevin Tsang, *Managing Director, The Peninsula Manila*

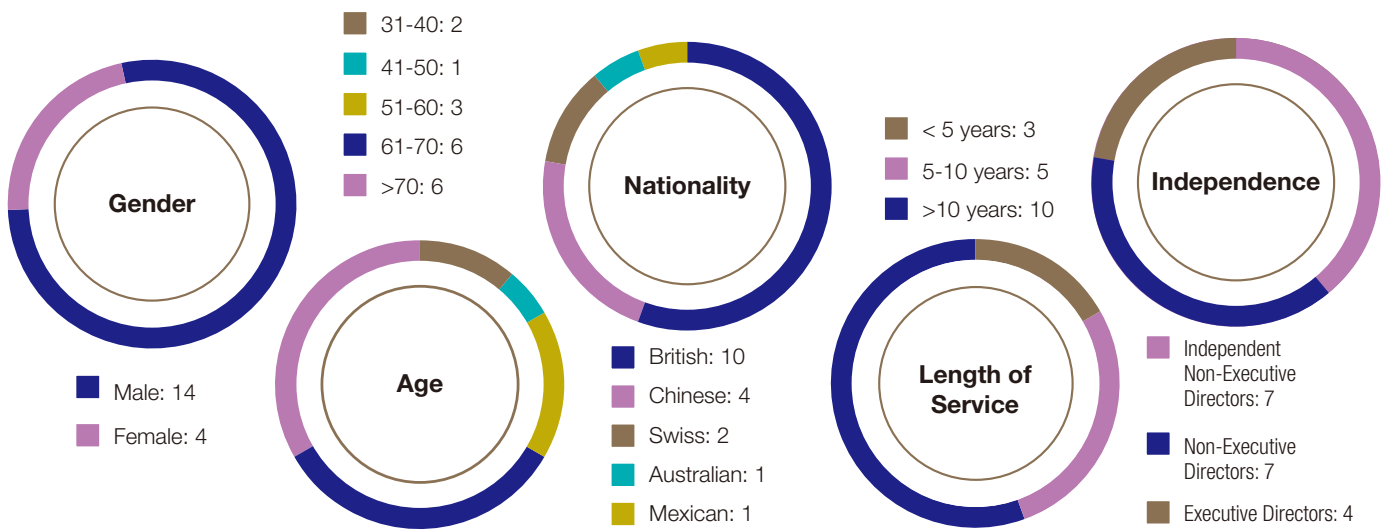
Kitty Wan, *Group General Manager, Audit & Risk Management*

Joshua Wong, *Director, Corporate Responsibility and Sustainability*

# OUR LEADERSHIP - DIVERSITY

## Board Composition & Diversity

We have a strong and effective Board with a pertinent blend of skills, experience and diversity. This enables the Board to offer sound judgement on strategic matters and provide effective guidance for overseeing management. Our Board has 18 members, which we believe is large enough to cover the broad array of skills required and encapsulates a diverse range of backgrounds and experience. The Board has determined there will be a minimum of three female directors at all times and that Board members should vary according to age, nationality, length of service and independence. The individual profiles<sup>3</sup> of each Board member highlight their relevant skills and experience. The following charts provide an overview of the Board's diversity, encompassing gender, age, nationality, length of service, independence, and expertise and skills<sup>4</sup>.



### Board Expertise and Skills

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

<sup>3</sup> Details can be found on pages 154 to 162

<sup>4</sup> The charts reflect the position up to 19 March 2024

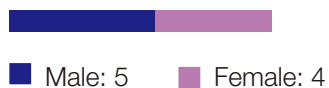
Board Expertise and Skills

	Executive Leadership & Strategy	Hospitality Retail & Real Estate	Global Market Experience	Risk Management/ Compliance	Marketing/ Branding	Technology & Innovation	Professional (Legal, Finance & Accounting)	Environmental Social & Governance
<b>Independent Non-Executive Directors</b>								
Dr the Hon. Sir David K.P. Li	✓	✓	✓	✓	✓		✓	✓
Mr Patrick B. Paul	✓	✓	✓	✓			✓	✓
Mr Pierre R. Boppe	✓	✓	✓	✓	✓			
Dr William K.L. Fung	✓	✓	✓	✓	✓	✓	✓	✓
Dr Rosanna Y.M. Wong	✓	✓	✓	✓	✓			✓
Dr Kim L. Winser	✓	✓	✓	✓	✓	✓		✓
Ms Ada K.H. Tse	✓	✓	✓	✓			✓	✓
<b>Executive Directors</b>								
Mr Clement K.M. Kwok <i>Chief Executive Officer</i>	✓	✓	✓	✓	✓	✓	✓	✓
Mr Peter C. Borer <i>Chief Operating Officer</i>	✓	✓	✓	✓	✓			✓
Ms Christobelle Y.C. Liao <i>Chief Corporate and Governance Officer</i>	✓	✓	✓	✓			✓	✓
Mr Keith J Robertson <i>Chief Financial Officer</i>	✓	✓	✓	✓			✓	

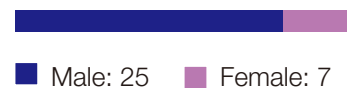
### Senior Management and Leaders of Key Functions Diversity

Our diversity philosophy is applied throughout the group. Gender diversity of the senior management and leaders of key functions as at the date of this report is set out below.

**Gender of Senior Management\***



**Gender of Key Functions\*\***



\* Inclusive of four Executive Directors

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

The company has taken, and continues to take, steps to promote diversity at all levels of our workforce and has policies on equal opportunities. We provide equal opportunity to all employees regardless of gender, race, age, nationality, religion, sexual orientation, disability, and other aspects of diversity and are against any forms of discrimination. As of 31 December 2023, our total workforce is comprised of 41.6% female employees and 58.4% male. Given the dynamic nature of our business, we have not specified any quotas or similar measurable objectives for achieving diversity; rather our focus is on (i) providing development opportunities and growing our own talent from within, through programmes such as the Global Cross-Exposure Employee Development Programme, and (ii) recruiting the right talent with the right mindset that is best suited for the role. Our hiring managers have taken extra steps to ensure candidates with diverse backgrounds (including gender and ethnicity) are considered during the recruitment process. Further details and a breakdown of gender distribution between total workforce and management positions across all HSH operations and corporate offices are disclosed on pages 51 and 78 of the Corporate Responsibility and Sustainability (CRS) Report.

# CORPORATE GOVERNANCE REPORT

## Culture and Values

The Board believes that our strong corporate culture, which is aligned with our purpose, values and strategy, is key to the economic success and sustainable growth of the group. With that in mind, we have adopted a governance framework, led by the Board, that is designed to reinforce and instil this strong corporate culture in decisions made at all levels of the business. By putting in place this governance framework and ensuring that our values and leadership behaviors are embedded throughout the organisation, our Board plays a key role in driving the group’s productivity, strong branding and reputation to generate positive long-term shareholder value.

### Guiding and promoting culture

The Board sets and promotes company culture based on “doing the right thing”. The Board expects and requires senior and middle level management to reinforce this ethos. To support this, the culture and values are embedded in different governance policies, practices and controls across the group, including the following:

OUR ETHICS

**Integrity and compliance**

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

These principles are supplemented by a robust set of policies such as the Board-endorsed Code of Conduct, Anti-Bribery Policy and Corruption Policy, Anti-Fraud Policy and Fair Competition Guide. These policies are kept under constant review and are being updated to reflect the increasingly complex global regulatory environment in which we operate. In light of the diverse nature of our workforce, mandatory training is being enhanced to ensure that key principles of compliance remain at the forefront in everything we do. In 2023, we updated the HSH Employee Handbook and HSH Employee Guide for Head Office to reflect updated workplace practices, and employees have acknowledged and confirmed receipt and understanding of the HSH Employee Handbook. We also continued mandatory training programmes for all HSH employees on our Code of Conduct, Fair Competition Policy, Data Privacy Policy and Cybersecurity.

**Accountability**

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

**Communication and transparency**

The Board recognises the importance of transparency, accessibility, and visibility for itself and senior management. The Board encourages regular and ad hoc dialogue and communication with its shareholders and stakeholders, including employees, conducted through both the Board and management. The Directors make occasional visits to different business operations, taking the time to meet with each management team to gain a comprehensive understanding of the challenges faced, as well as the competitive dynamics of the environment in which they operate. The regular CEO monthly review meeting has been supplemented with an in-person “open house” meeting for Head Office employees, which provides an opportunity for the CEO to give an overview of our business performance as well as an update on projects and areas of focus. Operational Managing Directors and General Managers also strive to hold regular Townhall Meetings.



## OUR PEOPLE

**People first**

Our people continue to be first and foremost in our business approach. In 2023 we renamed the Human Resources Department to “People and Culture”, as a reflection that our people are more than just “resources”, but rather form the beating heart of our organisation, and the team’s role being to safeguard our culture. In addition, the People and Culture team is responsible for instilling the core facets of our culture as set by the Board.

We create a culture of healthy, passionate and engaged employees to support the company in consistently delivering the highest standards of luxury and services. We continue to implement the WorkPlace 2025 programme; this involves modernising our work practices, enhancing our working environment and being an employer of choice, as well as seeking improvements from the perspective of diversity, equity and inclusivity<sup>5</sup>.

**Inclusivity and respect**

We are committed to providing an inclusive and respectful workplace which provides equal opportunity to all employees, regardless of gender, race, age, nationality, religion, sexual orientation or disability. Our Inclusive Workplace Strategy<sup>6</sup> aims at fostering an environment for employees to learn and grow while leveraging their unique strengths. In addition, we have increased the diversity of our recruitment channels with the aim of reaching a broader array of candidates.

**Listening**

The Board recognises that the resilience of the company’s culture is dependent to a large extent on employee experience, and with that in mind it is important to understand what are we doing well and what can we improve. An online employee experience survey was carried out globally in 2023. The overall results<sup>7</sup> were shared with the Board, management, Managing Directors and General Managers. Managing Directors, General Managers and Department Heads communicated with their respective teams to work out action plans where necessary to build on the messages emanating from the survey results.

## OUR COMMUNITIES

**Corporate responsibility**

The company strives to conduct business with integrity, with respect to our heritage and ensuring the future needs of our guests, people and communities are met. This requires us to adopt a long-term lens in our decision-making and instil the concept of sustainability throughout the way we conduct business. Our sustainability strategy *Sustainable Luxury Vision 2030* focuses on using regenerative and proactive approaches to minimise our impact while creating shared value to our local communities<sup>8</sup>.

<sup>5</sup> Further details can be found on pages 46 to 52 of the CRS Report

<sup>6</sup> Details of the strategy and related initiatives can be found on pages 50 and 51 of the CRS Report

<sup>7</sup> Details can be found on page 47 of the CRS Report

<sup>8</sup> More details of our CRS initiatives and *Vision 2030* can be read in our online CRS Report

# Corporate Governance Report

## Corporate Governance Framework

The Board has set a two-tiered structure where the Board and the management team are led by the Chairman and the Chief Executive Officer respectively. The Board and its committees oversee the corporate governance structure and give guidance to management on implementing good governance in our daily business, as described below. The diagram on page 172 illustrates our corporate governance framework.

### • Board and Board Committees

The Board is responsible for setting the group's overall strategy and objectives for delivering long-term value, promoting its culture, and being accountable to the company's shareholders and stakeholders for the long-term success and sustainability of the company.

It discharges some of its responsibilities directly and others through the five Board Committees. The Audit, Nomination, and Remuneration Committees are Governance Board Committees under the Corporate Governance Code in Appendix C1 of the Listing Rules. The Executive and Finance Committees are strategic and finance committees which are integral parts of the management process.

Each Committee reports its decisions and recommendations to the Board and seeks the Board's prior approval on specific reserved matters.

### • Group Management Board (GMB) and sub-committees

GMB, chaired by the Chief Executive Officer, is the focal point of the management of the group's business under the guidelines and delegated authorities of the Board. This fosters accountability and provides the Board with high quality information and recommendations to enable informed decisions.


GMB is supported by three sub-committees, as well as the Heads of Operations and Corporate Departments. Each GMB sub-committee has its own terms of reference or charter. The Group Risk Committee, Group Corporate Responsibility Committee and Technology Steering Committee report to GMB which in turn reports to the Board for oversight on risk management and environmental and social issues, as well as the group's innovation and technology strategy.

In addition to the above three sub-committees, we also have the HSH Retirement Plan ORSO Committee which oversees the group's retirement plan.

### • Roles and responsibilities of the Chairman, Chief Executive Officer, Directors and Company Secretary

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

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

Role	Responsibilities
<p><b>Non-Executive Chairman</b> <i>The Hon. Sir Michael Kadoorie</i></p>	<ul style="list-style-type: none"> <li>• Leading the Board and monitoring its effectiveness</li> <li>• Fostering candid discussions from all Directors and ensuring constructive relationships among Directors</li> <li>• Reviewing management performance with the INEDs</li> <li>• Ensuring that good corporate practices and procedures are established and implemented throughout the group, with the assistance of the Company Secretary</li> </ul>
<p><b>Chief Executive Officer*</b> <i>Clement Kwok</i></p> <p><i>*supported by GMB<sup>9</sup></i></p>	<ul style="list-style-type: none"> <li>• Leading the management and GMB in the day-to-day running of the group's business</li> <li>• Developing strategies for the Board's approval</li> <li>• Executing strategies, policies and objectives agreed by the Board</li> <li>• Reporting to the Board on the performance of the business</li> </ul>
<p><b>Executive Directors</b> <i>Clement Kwok</i> <i>Peter Borer</i> <i>Christobelle Liao</i> <i>Keith Robertson</i></p>	<ul style="list-style-type: none"> <li>• Managing the day-to-day business of the entire group's operations</li> <li>• Being accountable for their specific executive functions to the Board</li> <li>• Communicating proactively with the NEDs and INEDs and being open and responsive to any executive proposals and challenges made by the NEDs and INEDs</li> </ul>
<p><b>7 Non-Executive Directors (NEDs) and 7 Independent Non-Executive Directors (INEDs)</b></p> <p> P.157 to 162</p>	<ul style="list-style-type: none"> <li>• Evaluating the group's performance in achieving the corporate goals and objectives set by the Board</li> <li>• Ensuring clarity and accuracy on the reporting of financial information and that risk management and internal control systems are effective</li> <li>• Providing constructive feedback on management decisions</li> <li>• Serving on the Board and Board Committees to give these committees the benefit of their skills, expertise, and varied backgrounds and qualifications</li> <li>• The INEDs, being independent, have the additional role of: <ul style="list-style-type: none"> <li>– Bringing know-how and business expertise that are supplementary to executive management, thereby providing independent insights and judgement</li> <li>– Helping to maintain objectivity in the Board's decisions when potential conflicts of interest arise</li> </ul> </li> </ul>
<p><b>Company Secretary</b> <i>Christobelle Liao</i></p>	<ul style="list-style-type: none"> <li>• Reviewing, implementing, initiating and driving improvements on our corporate governance practices and processes</li> <li>• Advising and keeping the Board and Board Committees up to date on legislative, regulatory and governance matters</li> <li>• Facilitating induction and professional development of the Directors</li> </ul>

# Corporate Governance Report

## THE BOARD

### The Board's Role

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

Board Focus  P. 173-174

### The Board's Key Reserved Matters

#### Strategic & Financial

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

#### Leadership & Employees

- ◆ Director's appointment and re-election
- ◆ Succession planning for Board and senior management

#### Risk Management

- ◆ Risk management and internal control systems
- ◆ Principal and emerging risks

#### Corporate Governance

- ◆ Corporate governance functions
- ◆ Board evaluation

#### Sustainability

- ◆ Corporate responsibility and sustainability outlook, progress and issues

The Board delegates certain matters to the following  
**BOARD COMMITTEES**

#### Governance Board Committees

##### Audit Committee

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

Report  P. 195-197

##### Nomination Committee

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

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##### Remuneration Committee

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

Report  P. 201-205

#### Other Board Committees

##### Executive Committee

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

##### Finance Committee

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

## CHIEF EXECUTIVE OFFICER

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

### Audit & Risk Management Department

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

## GROUP MANAGEMENT BOARD

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

### Group Risk Committee

Report  P. 186-189

### Technology Steering Committee

### Group Corporate Responsibility Committee

Report  P. 190-194

### HSH Retirement Plan ORSO Committee

**Heads of Operations and Corporate Departments and Business Operations**  
implement the group's strategy through day-to-day operations

Delegation

Accountability

## 2023 Board Focus

The focus of our 2023 Board meetings was on completion of the group's main projects in London and Istanbul, repairing the company's balance sheet and enhancing our existing properties. GMB held its annual full-day strategic offsite meeting in March and invited the Chairman and some of the Non-Executive Directors to share their views on specific topics. The attendees reviewed the company's overall financial position, investments made, and the current value of certain key properties, as well as possible opportunities for enhancement and growth of those properties. There was an open discussion on the company's vision, future developments, key pillars of The Peninsula brand, as well as its people and culture. It was a fruitful and productive discussion and the key takeaways were highlighted and discussed at the Board Meetings. Board lunches were organised after each Board meeting. This provided a good opportunity for our directors to interact with each other in an informal setting and to discuss a wider range of issues concerning the group.

In addition, the Board continued to cover all customary matters. We highlight below the Board's priority matters during 2023.

### Strategy

- Reviewed and approved the budget for the light touch renovation of The Peak Tower
- Discussed the different renovation options for The Peninsula New York, reviewed and approved the budget for the refurbishment proposed by management
- Discussed the staff shortage issues in the hospitality industry and the company initiatives and strategies to enhance staff recruitment and retention
- Discussed the need to diversify our target consumer markets towards new areas in addition to the traditional American and European markets
- Discussed retail business growth strategy for The Peninsula Merchandising

### Financial and Operational

- Conducted an in-depth business review of the Quail Lodge motorsport event, the group's mooncake sales, The Peninsula Hong Kong and the retail leasing for our hotels
- Monitored and evaluated the progress, cost and challenges relating to the London, Istanbul and Yangon projects. This included the progress of the sale of The Peninsula Residences London, business performance following the soft openings of the two new hotels and the additional works required to weather protect the suspended Yangon project
- Reviewed and approved the lease extension payment for The Peninsula Istanbul
- Reviewed the company's net debt position and stress test analysis and its impact on the company's liquidity
- Evaluated key assumptions and factors affecting the 2024 budget and ultimately approved the 2024 budget with a certain downside sensitivity analysis



# Corporate Governance Report

## Leadership

- Approved the respective Board changes announced in 2023 including Chief Executive Officer, Chief Operating Officer, Chief Corporate and Governance Officer and Chief Financial Officer as recommended by Nomination Committee<sup>10</sup>

## Corporate Governance

- Reviewed the regular updates from the Chairmen of the Governance Board Committees. These include key issues and topics raised at those meetings, as well as recommendations for Board approval
- Endorsed the increase of fees for the NEDs and INEDs in view of their increased responsibilities and workload for shareholders' approval
- Approved the Nomination Committee's decision to maintain no less than three female Board members as the measurable objective for implementing the policy of gender diversity
- Reviewed the mechanisms in place for ensuring INEDs are able to express their views and input to the Board and confirmed these mechanisms remain effective<sup>11</sup>

## Risk Management

- Reviewed 11 principal risks to the business and their residual risk movement
- Monitored and reviewed the effectiveness of risk management and internal control systems through the Audit Committee

## Sustainability

- Reviewed the progress of the key performance indicators of the *Sustainable Luxury Vision 2030 (Vision 2030)*, engagement with related stakeholders, and progress of corporate responsibility and sustainability initiatives of the group
- Discussed upcoming climate-related disclosures requirements by the Stock Exchange and actions required to close any gaps in the next couple of years
- Reviewed the work plan for various key strategic initiatives for coming years including *Vision 2030* review, climate risks assessment and net zero decarbonisation roadmap
- Approved the updated Modern Slavery Statement<sup>12</sup>, which explains the activities we have undertaken during the year to demonstrate our commitment in ensuring there are no unethical labour practices or human trafficking within any part of our business or supply chain

## Stakeholder Engagement

- Discussed our engagement with Hong Kong Government departments and senior tourism officials on how to rebuild tourism in Hong Kong following the conclusion of the COVID-19 pandemic
- Discussed the results of 2023 Employee Experience Survey and its improvements over the previous survey and follow up action plans

### Sound Board decisions based on clear, complete and reliable information

- Comprehensive Board papers for discussion
- A monthly update of HSH's businesses
- Board Minutes and Board Committee Minutes (except Finance Committee) to allow our Board members have visibility the discussions at various committees. Finance Committee discussion on financial aspects matters are included in the monthly and Board updates to Directors
- Access to senior management, Company Secretary and independent professional adviser for advice or additional information

<sup>10</sup> Posted on the company website: [www.hshgroup.com/en/investors/corporate-announcements](http://www.hshgroup.com/en/investors/corporate-announcements)

<sup>11</sup> Details of the channels can be found on page 183

<sup>12</sup> Posted on the company website: [www.hshgroup.com/en/sustainable-luxury](http://www.hshgroup.com/en/sustainable-luxury)

## Board Evaluation

Our Board assesses its own performance and effectiveness every two years through a formal performance evaluation process. The purpose of this review is to identify areas for enhancement and improving the Board's effectiveness. The last such review took place in 2022 with an independent facilitator to lead the process and the methodology and process were explained in our 2022 Annual Report. The next Board evaluation is planned for 2024.

### Progress on areas of focus

The 2022 Board evaluation concluded that our Board was operating well with a healthy balance of discussion, debate and expertise. The evaluation resulted in a number of priority items which continued to be addressed during 2023.

Priorities	Progress Made in 2023
<p><b>Succession and development</b> Introducing one or two younger members to the Board to provide new ideas and perspectives, in particular expertise in digital transformation and sustainability</p>	<p>The Board changes included the appointment of four new Board members, including an additional female Director, to bring fresh ideas.</p>
<p><b>Business performance</b> Continue to review and provide advice to management in terms of strengthening business performance</p>	<p>The Board was closely involved with the decision making process around the refurbishment of The Peninsula New York and upgrading of The Peak Tower, with the aim of enhancing our key strategic assets to ensure they remain competitive. Board members continue to provide advice and suggestions on improving business performance at all Board meetings.</p>
<p><b>Overall Strategic direction</b> Face-to-face strategy meeting to discuss short-term and long-term strategies and priorities and new ideas</p> <p>New taskforce to look at possible new business opportunities</p>	<p>The Chairman and some of the Non-Executive Directors attended the GMB strategic meeting, with a full Board strategy meeting planned for 2025.</p> <p>A new Lifestyle Taskforce has been established and is continuing to explore alternative business opportunities.</p>
<p><b>Financial management including debt management</b> To scrutinise and provide independent oversight over the group's financial planning and overall indebtedness</p>	<p>The Board conducted a deep dive review of company's net debt position by 2025 together with a stress test analysis and to help Board members understand its impact on the company's liquidity.</p>
<p><b>Risk Management</b> In-depth and focused discussion on critical risks which include financial and interest rate risks in current operating environment</p>	<p>The Board reviewed the semi-annual risk management reports produced by the Audit and Risk Management Department and discussed financial and interest rate risks at the Board Meeting. A more in-depth discussion of risk is included in the Board agenda every year.</p>
<p><b>Environment, Social and Governance</b> Continue to focus on employee engagement, human capital, public policy and community relations, group sustainability and climate change strategy</p>	<p>The Board reviewed and discussed the results of the 2023 Employee Experience Survey and kept up to date on the group's sustainability endeavours. Communications in relation to <i>Vision 2030</i> both internally and externally will be the focus in 2024.</p>

### Chairman's annual meeting with INEDs

In addition to the self-evaluation, the Chairman meets annually with the INEDs without management to seek independent views on matters relating to the company's business and direction. Comments and suggestions by INEDs are then brought to discussion with the full Board in an open and constructive manner. In 2023, the focus was on the Chief Executive Officer search and attributes required were discussed in light of the anticipated priorities and strategies of the company.

# Corporate Governance Report

## Directors' Attendance and Training and Development

The Board held five scheduled meetings and two Board resolutions were approved by circulation in 2023. Physical meetings have been held and certain directors also participated remotely through digital means. The attendance of Directors and the Company Secretary at the Annual General Meeting, Board and Governance Board Committee meetings and training and development records in the year 2023 are as follows:

	Board <sup>(1)</sup>	Audit Committee <sup>(2)</sup>	Nomination Committee	Remuneration Committee	Annual General Meeting <sup>(2)</sup>	Training & Development programme <sup>(8)</sup>
<b>Non-Executive Directors</b>						
The Hon. Sir Michael Kadoorie <i>Non-Executive Chairman</i> <sup>(3)</sup>	5(6)		2(2)		1(1)	✓
Mr Andrew C.W. Brandler <i>Non-Executive Deputy Chairman</i>	5(5)	5(5)		2(2)	1(1)	✓
Mr William E. Mocatta <sup>(4)</sup>	1(1)				–	✓
Mr John A.H. Leigh	5(5)				1(1)	✓
Mr Nicholas T.J. Colfer	5(5)				1(1)	✓
Mr James L. Lewis	5(5)				1(1)	✓
Mr Philip L. Kadoorie <sup>(3)</sup>	4(5)				1(1)	✓
Mr Diego A. González Morales <sup>(5)</sup>	4(4)				1(1)	✓
<b>Independent Non-Executive Directors</b>						
Dr the Hon. Sir David K.P. Li	6(6)		2(2)		1(1)	✓
Mr Patrick B. Paul	6(6)	5(5)		2(2)	1(1)	✓
Mr Pierre R. Boppe	6(6)				1(1)	✓
Dr William K.L. Fung	6(6)		2(2)		1(1)	✓
Dr Rosanna Y.M. Wong	6(6)			2(2)	1(1)	✓
Dr Kim L. Winser	6(6)				1(1)	✓
Ms Ada K.H. Tse	6(6)	5(5)			1(1)	✓
<b>Executive Directors</b>						
Mr Clement K.M. Kwok <i>Chief Executive Officer</i>	5(5)				1(1)	✓
Mr Peter C. Borer <i>Chief Operating Officer</i>	5(5)				1(1)	✓
Mr Christopher S.M. Ip <sup>(6)</sup> <i>Chief Financial Officer</i>	1(1)				–	✓
Ms Christobelle Y.C. Liao <sup>(7)</sup> <i>Chief Corporate and Governance Officer</i>	2(2)				–	✓
<b>Company Secretary</b>						
Ms Christobelle Y.C. Liao <sup>(7)</sup>	5(5)	5(5)	2(2)	2(2)	1(1)	✓

### Notes:

- (1) Included an annual meeting where the Chairman met with INEDs only
- (2) Representatives of the independent auditor participated in every Audit Committee meeting and the Annual General Meeting
- (3) The Hon. Sir Michael Kadoorie and Mr Philip L. Kadoorie were unable to attend the Board meeting due to pre-existing commitments
- (4) Mr William E Mocatta retired as a Non-Executive Director of the company with effect from 31 March 2023
- (5) Mr Diego González Morales was appointed as a Non-Executive Director of the company with effect from 31 March 2023
- (6) Mr Christopher S.M. Ip resigned as an Executive Director of the company with effect from 31 March 2023
- (7) Ms Christobelle Y.C. Liao was appointed as an Executive Director of the company with effect from 4 August 2023. During 2023, Ms Christobelle Y.C. Liao undertook over 15 hours of professional training, meeting the requirement of the Listing Rules
- (8) Directors who undertook training and development through attending seminars/conferences and webinars which are relevant to the business or directors duties arranged by the company or external organisations, and reading regulatory/corporate governance and industry related updates. In 2023 topics included: anti-bribery and corruption, corporate governance, data privacy, cyber risk, sustainability, regulatory compliance and directors duties

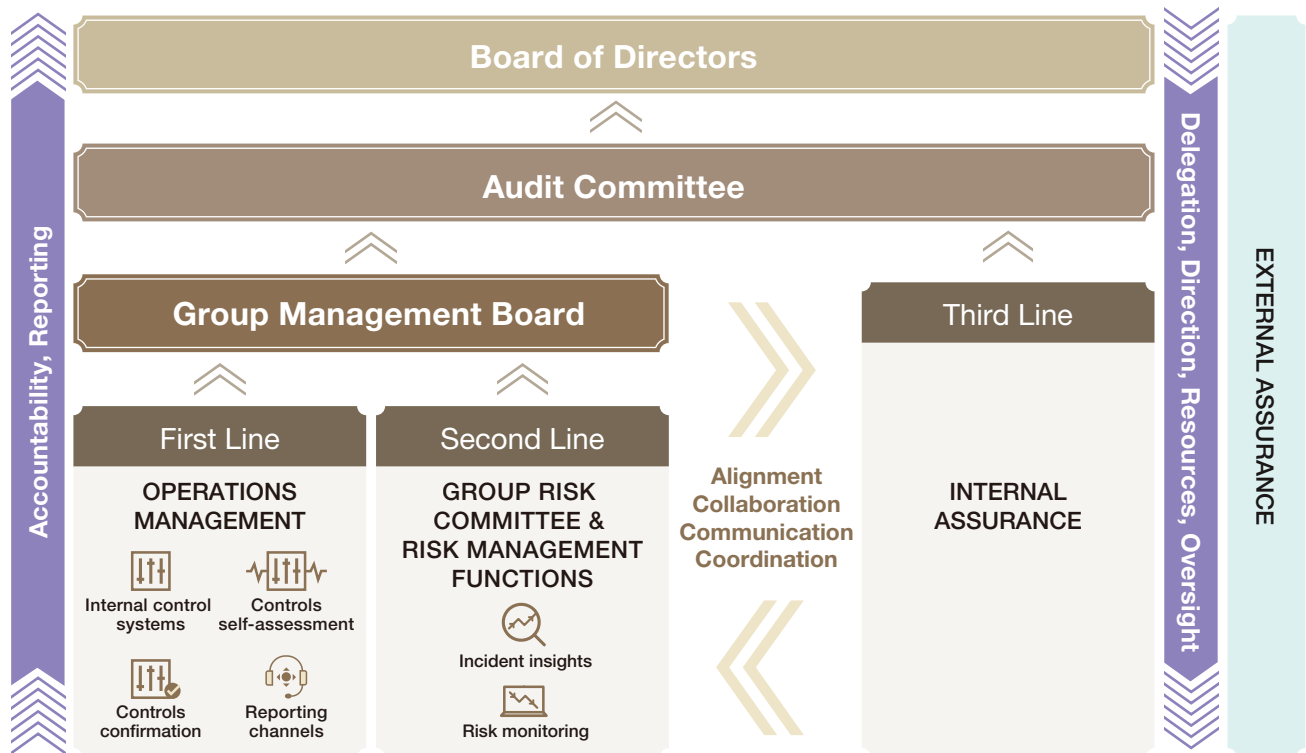
## Risk Governance

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

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

### Approach to risk governance

Our risk management framework is guided by the “Three Lines Model”, as set out in the graphic below. This framework and its process are designed to manage and mitigate risks rather than eliminate all risks. As with all systems, it does not provide an absolute shield against risks such as natural catastrophes, fraud and errors of judgement, which are present in all businesses. Whilst each of the three lines has its distinct responsibilities, their activities are aligned with the objectives of the organisation. Such coherence is achieved through regular and effective coordination, collaboration and communication.



# Corporate Governance Report

## First Line: Operations management

The group has established a system of internal controls which is executed by operations management.



### Internal control systems

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

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

The group has implemented and strengthened a number of controls to cope with the ever-changing regulatory and operational environment. Please refer to the GRC report on pages 186 to 189 for the key controls undertaken in 2023 to mitigate our principal risks.



### Controls self-assessment

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

During 2023, we have revamped the risk management handbook template to streamline the CSA process and to enhance risk identification and analysis effort. In addition, to reinforce control environment, Head Office Operations Finance introduced semi-annual self-evaluation declarations and monthly submission of key controls checklists to assess operations' control environment and key control points.



### Controls confirmation

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

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

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

### Handling Inside Information Guide

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



### Reporting channels

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

The Speak Up Policy<sup>13</sup> provides employees and other stakeholders a confidential reporting channel on suspected misconduct or malpractice within the group without fear of reprisal or victimisation. Reported allegations are logged, reviewed, independently validated and investigated as appropriate. Investigation results are communicated to the Audit Committee with approved recommendations implemented by responsible parties.

In 2023, four reports of potential integrity issues were received via Speak Up channel. All of these reports were investigated and closed with some follow-up actions.

### Second Line: Risk management functions

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



### Incident insights

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



### Risk monitoring

The GRC continued to strengthen its monitoring of risks to respond to changes and developments in both the external and internal environment. For actions taken in 2023, please refer to the GRC Report on pages 186 to 189.

### Third Line: Internal assurance

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

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

In 2023, the internal audit plan included evaluations on the efficiency of key business processes with a focus on optimising operational efficiency and performance of the group and individual operations including the two new hotels. Furthermore, ARM continued to apply a systematic process to timely track the status and implementation of recommendations across all operations.

### External assurance

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

### Board confirmation

The Board has considered and confirmed the Audit Committee's assessment of the effectiveness of risk management and control systems in the group. Throughout 2023 no areas of concern which might materially affect the effectiveness of the group's operational, financial reporting and compliance controls were identified, and the existing risk management and internal control systems remained effective and adequate.

<sup>13</sup> Posted on the company website: [www.hshgroup.com/en/corporate-governance/speak-up-policy](http://www.hshgroup.com/en/corporate-governance/speak-up-policy)

<sup>14</sup> Details of 5-step risk management methodology can be found on page 187 of the GRC Report



# Corporate Governance Report

## Shareholders Engagement

The company values continuous engagement with the investor community, including individuals, institutional shareholders and research analysts. We believe that continued engagement is key to building increased understanding between the company and the shareholders and sharing views, opinions and concerns with each other. Comments received from the different platforms and channels would be noted and discussed at management level and the Board as necessary. For more information on how we engage our stakeholders, please refer to pages 138 to 142.

The company utilises multiple platforms to engage investors. Our Shareholder Communication Policy, which is posted on our website<sup>15</sup>, has specified these communication platforms which our shareholders and stakeholders can access as well as various communication channels for them to communicate their views. The Audit Committee has reviewed these platforms and confirmed that the company has maintained sufficient channels to engage with our shareholders and our Shareholder Communication Policy remains effective.

### • Annual General Meeting

The Annual General Meeting (AGM) is the central focal point in the company's annual corporate governance calendar. We encourage our shareholders to participate in our AGM and directly communicate with our Directors. We held our 2023 AGM at The Peninsula Hong Kong<sup>16</sup>. Our Directors, including the Chairman of the Audit and Remuneration Committees, were all present at the Meeting. KPMG, the company's external auditor, was also present to answer questions relating to its audit of the company's financial statements.

### • Investor relations activities

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

### • Company website

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

### • Analysts briefings and press conference

The company held analysts briefings and a press conference following its 2022 annual and 2023 interim results announcements and held a further press conference after the 2023 AGM. The company hosts regular media lunches and briefings with senior management.

### • Social media

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

<sup>15</sup> [www.hshgroup.com/en/corporate-governance](http://www.hshgroup.com/en/corporate-governance)

<sup>16</sup> The poll results are posted on the company website: [www.hshgroup.com/en/investors/general-meetings](http://www.hshgroup.com/en/investors/general-meetings)

<sup>17</sup> [www.hshgroup.com/en/investors](http://www.hshgroup.com/en/investors)

## Our Shareholders

HSH had 1,710 registered shareholders as at 31 December 2023. The actual number of investors interested in HSH shares is likely to be much greater, as shares are being held through nominees, investment funds and the Central Clearing and Settlement System (CCASS) of Hong Kong.

Size of registered shareholdings	Number of shareholders	% of shareholders	Number of shares held	% of total number of shares in issue
500 or below	537	31.403	69,901	0.004
501-1,000	181	10.585	144,118	0.009
1,001-10,000	571	33.392	2,347,398	0.142
10,001-100,000	336	19.649	10,722,178	0.650
100,001-500,000	54	3.158	10,379,472	0.629
Above 500,000	31	1.813	1,625,771,139	98.566
<b>Total</b>	<b>1,710</b>	<b>100.000</b>	<b>1,649,434,206</b>	<b>100.000</b>

Note: As at 31 December 2023, 36.71% of all HSH total number of shares in issue were held through CCASS

The Kadoorie family (including interests associated with the family but excluding interests held by charities associated with the family) has a combined shareholding of 72.43% as disclosed in “Interests of Directors” and “Interests of Substantial Shareholders” in Directors’ Report on pages 208 to 210. The remaining HSH shares are mainly held by institutional and private investors, with a considerable number of those investors being Hong Kong residents.

From publicly available information and within the knowledge of the Directors, HSH has maintained the required 25% public float throughout 2023 and up to the date of this report.

### Shareholders’ rights to general meetings

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

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

## Other Information

Other information for our shareholders including our financial calendar and contact details are set out on page 288.

The company’s share price information as well as share and dividends per share information for the last ten years are disclosed on pages 23 and 114 respectively. In addition, the company’s dividend policy is set out in note 10 to the financial statements.

## Corporate Governance Code Compliance

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

Throughout 2023 we have complied with all of the code provisions and recommended best practices in the CG Code with the exception of the following:

## Corporate Governance Report

### **Publication of quarterly financial results**

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

### **Disclosure of individual senior management remuneration**

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

## Environmental, Social and Governance Reporting Guide

Our Corporate Responsibility and Sustainability Report<sup>19</sup> has been prepared in accordance with the provisions as set out in Environmental, Social and Governance Reporting Guide (ESG Guide) in Appendix C2 of the Listing Rules. As international best practice to have more in depth discussion on industry-specific and other sustainability topics, the CRS Report also references the Global Reporting Initiative Sustainability Reporting (GRI) Standards, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, the Sustainability Accounting Standard Board (SASB), and the International Sustainability Standards Board (ISSB)'s IFRS S2 Climate-related Disclosures (ISSB Climate Standard), which is used to inform the Hong Kong Stock Exchange's enhancement on climate-related disclosures. KPMG was commissioned to conduct limited assurance and to provide an independent conclusion on selected information of the CRS Report.

## Privacy and Technology Compliance

We continue to monitor relevant regulatory changes which relate to our business and to ensure we operate consistently with applicable global regulatory requirements. With the rapid development of generative Artificial Intelligence (AI) tools, as an additional governance initiative, a new Generative AI Tools Usage Policy was rolled out to enhance our employees' awareness of the ethical and responsible use of AI technology, and to help prevent misuse or harm to individuals or the company. We also updated our group-wide Data Privacy and Security Policy to address the recent development in data protection legislation such as the PRC's Personal Information Protection Law and California Consumer Privacy Rights Act and to enhance overall readability. We remain committed to maintaining our guests' and employees' privacy in accordance with all applicable laws, and we regularly update our people on privacy legislation, compliance, challenges and risks in this complex and highly regulated area.

## Other Compliance Matters

### **Appointment and re-election of Directors**

The appointment and re-election of Directors are governed by the Nomination Policy which is set out below. In 2023, the nomination and appointment of Mr Diego González Morales, Ms Christobelle Liao, Mr Keith Robertson, Mr Peter Borer and Mr Gareth Roberts followed the selection criteria as well as the nomination process and procedures of the Policy as disclosed in the next section. The company confirms that all Directors' re-elections were conducted in compliance with the CG Code in 2023. NEDs are appointed for a term of three years. All Directors are subject to a term of re-election every three years. Details of the Directors who will retire and offer themselves for re-election in the 2024 AGM are set out in the Directors' Report on page 208.

### **Nomination Policy<sup>20</sup>**

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

<sup>19</sup> Posted on the company website: [www.hshgroup.com/en/sustainable-luxury/sustainability-reports](http://www.hshgroup.com/en/sustainable-luxury/sustainability-reports)

<sup>20</sup> Posted on the company website: [www.hshgroup.com/en/corporate-governance](http://www.hshgroup.com/en/corporate-governance)

Nomination Committee	Board	Shareholders
<ul style="list-style-type: none"> <li>Proposes a candidate for nomination or a Director for re-election based on merit with reference to the Board Diversity Policy and Listing Rules requirements</li> <li>Considers the contribution and time commitment of the candidate or Director put forward for re-election</li> <li>Makes recommendations to the Board as appropriate</li> </ul>	<ul style="list-style-type: none"> <li><b>Newly appointed Directors</b> are subject to election by shareholders at the annual general meeting following the appointment</li> <li><b>Existing Directors</b> are subject to re-election by shareholders every three years</li> </ul>	<ul style="list-style-type: none"> <li>Approves the appointment or re-election of Directors at the company's general meeting</li> <li>Separate resolution will be put to vote for individual appointment or re-election</li> </ul>

### Time commitment of Directors

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

All Directors have confirmed to the company that they have given sufficient time and attention to the company's affairs throughout 2023. The Nomination Committee is satisfied that the Directors had positively contributed to the company's affairs, discussions and decisions, as reflected in their participation in the Board and Governance Board Committee meetings during the year. The Board concurred with this conclusion.

### Independence of INEDs

The independence of the INEDs is relevant to Board balance and assessed on a regular basis to ensure they remain capable of providing unbiased and objective contributions to the Board discussion. The company has received written confirmations of independence from each of its seven INEDs who served in 2023. Beyond the formal confirmation of independence, of overriding importance is that each INED has an independent mindset and brings the right experience and is prepared to challenge the Board in a constructive fashion. The Nomination Committee and the Board continue to believe that it is not appropriate to apply an arbitrary period of service beyond which a director is assumed to have lost his or her independence. The Board will continue to review the independence of its INEDs

by assessing whether they remain independent in character and judgement and continue to present an objective and constructive challenge to the assumptions and viewpoints presented by the management and the Board.

The Nomination Committee and the Board considered that all seven INEDs who served in 2023 were and continued to be independent in accordance with the independence guidelines set out in rule 3.13 of the Listing Rules and that there were no business or other relationships or circumstances which are likely to affect the judgement of any of the INEDs and they continue to bring an independent view to our Board discussions and strategy oversight.

### Mechanisms for ensuring independent views and input

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

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

## Corporate Governance Report

### Directors' and specified employees' dealings with company securities

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

All Directors have confirmed their full compliance with the required standards set out in the Model Code and the Securities Code in 2023. Details of the shareholding interests held by the Directors of the company as at 31 December 2023 are set out on pages 208 and 209.

Our Securities Code is extended to specified employees including senior management and leaders of key functions who may from time to time come across inside information. All specified employees have also confirmed their full compliance with the required standards set out in the adopted Code for Dealing in the Company's Securities by Specified Employees. Brief particulars and shareholding interests of the senior management are set out on pages 163 and 164, and 209 respectively.

### Directors' disclosure on conflict of interest

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

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

In 2023, all Directors have fulfilled these disclosure requirements.

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

In addition, all Directors are also required to declare the nature and extent of their interests, if any, in any transaction, arrangement or other proposal to be considered by the Board. In 2023, no potential conflict of interest was determined by the Board to be material.

### Onboarding for new Directors

All new Directors receive a comprehensive onboarding programme which is tailored to their individual roles and needs, which is designed to facilitate their understanding of our group, our purpose, culture, values and strategy, our corporate governance and the markets in which we operate. This structured programme includes meetings with the Chairman, Executive Directors, Company Secretary and senior management, and visiting a number of the group's properties. The Company Secretary will provide a tailored onboarding pack and a library of reference materials covering key areas such as Board and Committee papers, governance and directors' duties, risk management and internal controls matters. An external legal adviser explains the roles, responsibilities and obligations of a director. Mr Diego González Morales completed such programme in 2023, and was invited to attend the Executive Committee meetings as an observer to allow him to gain valuable insight into our business. Mr Keith Robertson who joined the Board in January 2024 has just commenced his onboarding programme. He has been provided with a letter of advice from our external legal advisers on his obligations as a listed company director on 19 January 2024 and he has explicitly acknowledged his understanding of such obligations under the Listing Rules. Ms Christobelle Liao (appointed to the Board in August 2023) has many years of experience in the company in a senior management role and has not undertaken the same onboarding programme. Mr Gareth Roberts when he comes onto the Board in August 2024 will also be given a limited onboarding programme on governance and responsibility matters given his tenure in the company the fact that he is shadowing the Chief Operating Officer for 7 months.

### Directors training and development

Our Directors participate in continuous training and development activities that keep them up to date on developments in all areas pertaining to the business of the company and the performance of their duties as Directors. In addition to quarterly governance updates and anti-bribery and corruption reading materials, relevant publications and e-learning from the Stock Exchange are provided to our Directors and keep them abreast of the relevant rules and regulations affecting our businesses. We seek to enhance our training to include more content on climate and ESG-related topics, preparing our Directors with the knowledge required as set out in the latest Stock Exchange proposal on ESG and climate reporting. Directors who individually attend seminars or conferences associated with their expertise and responsibility update the company annually. The training and development records of Directors and the Company Secretary for 2023 are reflected on page 176.

### Codes and terms of reference

Each year we review our governance and securities codes and the relevant terms of reference of the Board and each Board Committee<sup>21</sup> to ensure that they comply with the latest legal and regulatory requirements and reflect developments in best practices and the needs of the company. In 2023, we conducted our review on the codes and terms of reference and they remained relevant without requiring any changes.

The full terms of reference of the Board and each Board Committee can be viewed on the company website<sup>22</sup> and those of the Governance Board Committees<sup>23</sup> are also published on the Stock Exchange website. The Governance Board Committees' reports are set out on pages from 195 to 205.

### Internal control procedures on connected transactions

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

With respect to the connected transactions for the financial year of 2023, the Audit & Risk Management Department has reviewed all connected transactions and the adequacy and effectiveness of the internal control procedures of connected transactions. The Audit Committee has also reviewed these connected transactions.

## Annual Report and Corporate Responsibility and Sustainability Report

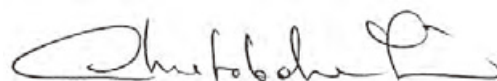
The annual report and CRS report are both important channels for the company to provide shareholders and stakeholders with a balanced assessment of our financial and non-financial performance as well as our commitment to the high standards of corporate governance and the evolving nature of our environmental, social and governance practices. We are constantly striving to improve the clarity and transparency of our reporting. This is recognised in the awards we received for our 2022 Annual Report and CRS Report. Details can be found in the "Awards in 2023" section on page 143.

In March, the Board reviewed and approved the 2023 Annual Report and Corporate Responsibility and Sustainability Report<sup>24</sup>. With respect to the Directors' responsibility for preparing the financial statements for the year ended 31 December 2023, please refer to the Directors' Report set out on page 211.

## High Standards of Corporate Governance

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

By order of the Board



Christobelle Liao  
Chief Corporate and Governance Officer  
19 March 2024

21 Audit, Nomination, Remuneration, Executive, and Finance Committees

22 [www.hshgroup.com/en/corporate-governance/board-committees](http://www.hshgroup.com/en/corporate-governance/board-committees)

23 Audit, Nomination, and Remuneration Committees

24 Posted on the company website: [www.hshgroup.com/en/sustainable-luxury/sustainability-reports](http://www.hshgroup.com/en/sustainable-luxury/sustainability-reports)



# GROUP RISK COMMITTEE REPORT



“ Risk management is a process that should be integrated into every single operation, every investment decision, and every part of the organisation. ”

Christobelle Liao  
 Chairman of the Group Risk Committee  
 19 March 2024



### Composition

Chairman Ms Christobelle Liao, Group Corporate and Governance Officer  
 Members Deputy Chief Operating Officer  
 Group General Manager, Audit & Risk Management  
 Group General Manager, Technology



### Meeting Frequency

- Quarterly
- Four meetings in 2023



### Responsibilities

- To identify and assess the principal risks at group level and their corresponding mitigating treatments, as well as monitor the actions required for critical and major incidents within the group
- To facilitate the process whereby each operation and project defines its business objectives, addresses the risks identified, conducts self-assessment of internal control activities and tracks progress of mitigating plans
- To regularly review, assess and update material risks and related contingency plans to Group Management Board (GMB) for endorsement by the Audit Committee and the Board

With our risk governance structure and the Three Lines Model described on pages 177 to 179 in place, we have adopted across the group a practical, easy to understand 5-step risk management methodology.

## 5-Step Risk Management Methodology



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

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

### Key Focus in 2023

#### Labour shortage in the hospitality industry

In 2023, staff shortages in the hospitality industry have become increasingly acute. Our group faced the complex challenge of acquiring and retaining proficient personnel. Multiple factors contributed to the labour shortage issue. The pandemic has led to re-evaluations of personal career goals for talent within the

industry, and a shift for staff to favour work-from-home or flexi hours. In addition, as skilled professionals pursue opportunities in other industries, the talent pool is reducing and labour costs are increasing. This has also resulted in difficulties in securing manpower in most of our labour markets. Consequently, this would lead to an adverse impact on our service excellence and operational efficiency. To attract and retain talent, we are conducting more frequent salary benchmarking exercises and ensuring our total remuneration, benefits and health insurance stay highly competitive and relevant. One of the WorkPlace 2025 initiatives is to offer more flexibility in working hours and locations. We have also considered flexible leave for operational employees and rolled out talent development programmes to boost competitiveness and retention. Most importantly, efforts are placed to enhance our employees' mental well-being and a strong sense of care and belonging in the company especially during difficult times.

#### Environmental and social (E&S) risks

Climate change and the global rise of temperatures have contributed to extreme weather events and a shift of weather patterns that have increased in frequency and intensity. Our operations are directly exposed to acute physical risks including flooding, tropical typhoons, and deterioration of air quality due to wildfires. Assets that are more susceptible to such risks may expect to see increased insurance costs, while those with exposure to chronic physical climate risks such as sea level rising, drought and temperature rise may have a negative impact on asset valuation. Other transitional risks we may face include disruption of business operations and supply chains, affecting accessibility or attractiveness of a location resulting in reduced demand for our products and services, surges in operating costs and capital expenditure, as well as a more stringent regulatory environment. We are aware of the multiplier effect and knock-on social impacts brought on by climate change such as social inequality, educational disparity, involuntary migration, modern slavery, and more.

To ensure we are well-positioned to weather such impact, we proactively monitor and deepen our understanding of the inter-related and complex nature of climate risks we are facing. Starting in 2022, we commenced work with consultants to understand the high-level physical and transitional climate-risks for the group within the next decade, to align with our actions set out in *Vision 2030*. On physical risks, our priority focus is on acute physical risks which are extreme weather events. In the coming year, we are conducting more in-depth climate risk assessments, which will enable us to estimate the potential financial impact and develop actionable mitigation plan for our assets, based on the projected likelihood and severity of such climate hazards.

## Group Risk Committee Report

GRC and the Board receive regular updates from the Corporate Responsibility and Sustainability (CRS) Department to understand the evolving E&S risks in order to determine effective short-term mitigation responses, and develop long-term adaptation plans. Our CRS strategy, *Vision 2030*, will continue to define our response to these risks and we respond to these risks. We have group-wide targets and commitments for greenhouse gas emissions, water efficiency, actions related to mitigation of climate change such as adopting sustainable building design, offering sustainable products and services within our businesses, and specific programmes to promote social inclusions and engage with our local communities in meaningful ways<sup>25</sup>. More details of our approach to climate change and climate risk mitigation measures can be read on pages 68 to 71 of our CRS Report.

### Other Principal Risks

The principal risks of the group are monitored and reviewed on an ongoing basis, by focusing on the environment, business conditions and organisational changes. In 2023, specific focus was on the following areas of principal risks:

#### Investments and developments

Despite some further delays and increases in costs caused by the pandemic, enormous efforts have been made by HSH teams and project teams to complete The Peninsula Istanbul and The Peninsula London. Dedicated resources have been deployed to work towards smooth hotel openings. The Peninsula Istanbul and The Peninsula London were opened for guests on 14 February and 12 September 2023 respectively.

Group Risk Committee (GRC) will continue to oversee the strategies adopted to respond to the operational and financial risks, monitor the risk governance process and review the key risks surrounding the two new hotels.

#### Macroeconomic and political environment

As a multinational corporation, our business is impacted by geopolitical dynamics. Issues such as US-China tensions, the war in Ukraine and conflicts in the Middle East may negatively impact the global economy, and may result in trade restrictions and sanctions. Expected economic downturns, increasing energy prices and inflation could negatively impact the revenue and operations of our properties. Regular risk and performance reviews of operations, properties and projects are carried out during the year.

#### Foreign exchange and interest rate fluctuations

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

#### Business dependency on Hong Kong

A significant portion of our group earnings has historically been contributed by our operations in Hong Kong. Such business dependency implies that the economic and political trajectory of the city would have a crucial impact on our business, earnings and asset values. To manage this risk, we have implemented and begun to explore alternative revenue streams outside of Hong Kong. This includes the opening of The Peninsula London and The Peninsula Istanbul. Moreover, during the year Peninsula Merchandising has begun a five-year expansion plan in the Chinese mainland to expand into six target cities and e-commerce channels.

#### Competition in all markets

Our hotels have been welcoming back international travellers. Following COVID-19 we saw significant increases in average daily rates but in some markets these are now softening. It has been challenging to realise the desired gains in revenue due to the competitive nature of the markets that we operate in, as competing hotels are chasing after the same business segments. In some markets our ability to drive further revenue has been impacted by the availability of staff to serve our guests.

In order to better understand our customers, we have launched technologies and processes to identify customers' ever-changing needs. We have also strengthened our brand marketing and communications with our customers by launching the new Global Brand Advertising Campaign "Peninsula Perspectives" and implementing new brand partnerships. These offer a more modern outlook to our brand image as a lifestyle brand.

<sup>25</sup> Details of Vision 2030 commitments and specific initiatives can be found in our online CRS Report

### Our leasing business

Our retail leasing business remained under pressure from lower occupancy compared to the pre-Covid period. Although improvements in properties' business performance could be seen with the opening up of Greater China in early 2023, slow recovery and return of other key markets such as US, Europe and Japan have affected the retail tenants. A soft outlook for luxury retail may impact the stability of retail tenants. For our hotel arcade leasing business, a customer loyalty program was launched for all the hotels in Greater China to boost foot traffic and stimulate sales for shops at these arcades.












Commercial and residential leasing, has also been impacted by the economic downturn. As a result, we have continued to work with tenants and make appropriate adjustments to rental and other contractual requirements.

### Cybersecurity

Failure of information technology systems due to internal or external circumstances, either malicious or unintentional, may result in financial loss, business disruption, and damage to reputation. Further enhancements have been conducted by the Group Information Technology to strengthen our controls over cybersecurity. These included implementing the new Security Information and Event Management (SIEM) tool which supports analysing system logs, and detects anomalies, and an enhancement on email, website and data security.

With cyber attacks on the rise, we ensure our staff understand how to identify, respond to and prevent potential cybersecurity threats. We continue to provide mandatory refresher online training on cybersecurity to all relevant employees.

## Principal Risk Movements in 2023

	Principal Risk	Risk Category	Residual Risk Movement
	DISASTER EVENTS	External	↓
	MACROECONOMIC AND POLITICAL	External	↔
	COMPETITION	External	↔
	BRAND AND REPUTATION	Strategic	↔
	BUSINESS DEPENDENCY	Strategic	↓
	INVESTMENTS AND DEVELOPMENTS	Strategic	↔
	RETAIL, COMMERCIAL AND RESIDENTIAL LEASING	Strategic	↓
	FOREIGN EXCHANGE AND INTEREST RATES	Financial	↓
	CYBERSECURITY	Operational	↔
	LABOUR SHORTAGE	Operational	↓
	DATA PRIVACY	Compliance	↔
Remarks: ↓ Improvement in controls Reduction in residual risk      ↔ No change risk assessed			

## 2024 Major Initiatives

In 2024, the GRC's main focus will continue to be on (i) overseeing risks pertinent to new hotels operations, (ii) enhancement of internal controls to manage the strategic risks of the group, and (iii) a focus on communication, awareness and ownership of risks and controls, especially on ESG risks across the group.

## GROUP CORPORATE RESPONSIBILITY COMMITTEE REPORT



“ In the era of post-pandemic recovery, we are faced with a new normal, bringing sustainability issues into focus. There is greater expectation from our stakeholders, our people, and our communities for corporations like ourselves to step up and safeguard the natural resources which we rely on. We need to remain resilient for the future climate crisis, and focus on reducing social inequality. ”

A handwritten signature in black ink, appearing to read 'Clement Kwok', with a horizontal line underneath.

Clement Kwok  
Joint Chair of Group Corporate Responsibility Committee  
19 March 2024



“ The way we approach sustainability must transform from simply minimising negative impact. We must go beyond and seek opportunities to generate a positive impact. We also see this time as an exciting opportunity to evaluate the changing business environment, be agile in seeking out new innovations, fostering stronger partnerships, and cultivating more collaborations to help scale up our impact. ”

A handwritten signature in black ink, appearing to read 'Christobelle Liao', with a horizontal line underneath.

Christobelle Liao  
Joint Chair of Group Corporate Responsibility Committee  
19 March 2024

	<b>Composition</b>	<p>Chairman Mr Clement Kwok, Chief Executive Officer (Committee Joint Chair) Ms Christobelle Liao, Chief Corporate and Governance Officer (Committee Joint Chair)</p> <p>Members Deputy Chief Operating Officer Chief People and Culture Officer Director, Corporate Responsibility and Sustainability Select members of Heads of corporate departments and representatives from operations</p>
	<b>Meeting Frequency</b>	<ul style="list-style-type: none"> <li>• At least three meetings each year</li> <li>• Three meetings in 2023</li> </ul>
	<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>• To propose, recommend, monitor and report to the Group Management Board and support the Board of Directors on corporate responsibility and sustainability (CRS) topics, including the implementation of the company's <i>Sustainable Luxury Vision 2030</i></li> <li>• To review practices, standards, trends, regulations, plans related to CRS topics that may have an impact on the operations of the group</li> </ul>

## Our Sustainability Approach

We began our sustainability journey in 2007 and the first iteration of our *Sustainable Luxury strategy* in 2013. We updated this strategy with *Sustainable Luxury Vision 2030 (Vision 2030)*, which incorporates a deeper focus on business integration and using regenerative and proactive approaches. Our new strategy leverages the strengths of our business, focusing on issues requiring significant and urgent attention to minimise our impact to the environment while creating shared value to our communities. The key topics we have identified which will have the most impact on our business and societies that are addressed in *Vision 2030* are:

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



# Group Corporate Responsibility Committee Report

We seek to address these issues by focusing on our three stakeholder pillars of (i) enhancing our guest experience, (ii) empowering our people and (iii) enriching our communities, underpinned by our 10 key commitments as set out in the below graphic:



To enable our stakeholders to have a holistic view of our company, we continued to publish a detailed Corporate Responsibility and Sustainability Report online. Additional information on our CRS approach, initiatives and performance can be found in our CRS Report<sup>26</sup>. We set out below the key initiatives achieved so far under each *Vision 2030* stakeholder pillar.

## Our Guests: Enhancing our guest experience

### Key initiatives

- On track to achieve BREEAM Excellent, one of the world's leading sustainable building standards, for our hotels in London and Istanbul
- On track to achieve group EarthCheck certification for The Peninsula Hotels, one of the world's leading standards on sustainable tourism
- Piloted our group's first on-site solar farm project at Quail Lodge & Golf Club, The Peninsula London procures 100% renewable electricity directly from local providers, while The Peninsula Istanbul through attributes of Renewable Energy Certificates
- Guestroom amenities line featuring 99% petroleum plastic-free materials, using alternatives such as recycled aluminium, wood and corn starch
- Introduced our new takeaway packaging line *PenFare At Home*, featuring responsibly sourced paper, plastic-free materials, using natural and non-petroleum based materials instead which are recyclable and certified compostable
- *Naturally Peninsula* menu re-launched to be fully plant-based
- 94% paper products, 86% cleaning products, 64% tea, 83% coffee and 84% chocolate are sustainably or responsibly sourced; 59% of our perishable goods are sourced locally, and 52% of our total egg spend from cage-free sources
- Continue to support waste recovery projects such as oyster shells upcycling for marine restoration, Sustainable PenBear made from retired duvet and chef uniforms, and supporting research on recovering textile waste in Hong Kong

## Our People: Empowering our people

### Key initiatives

- Tailored employee development programmes for all levels to nurture and grow our own talent
- *WorkPlace 2025* initiatives to modernise the workplace. In 2023, a new employee communications portal MyHSH Hub was launched to strengthen connectivity of colleagues globally
- Developed a comprehensive approach to diversity and inclusion
- *Wisdom on Wellness (WOW)* to enhance employee's physical and mental wellbeing
- Launched group Occupational Safety and Health Management System (OSHMS)

## Our Communities: Enriching our communities

### Key initiatives

- Supported our local communities through vocational training, volunteering and donations, benefiting 160 charities and long-term partners, with a total of HK\$9.7 million contribution and more than 10,100 volunteering hours in 2023
- "Hope for Türkiye", a global disaster-relief campaign to help fundraise for survivors of the earthquake, with a total of HK\$37.9 million raised through The Peninsula Hotels<sup>27</sup>
- Strengthened the group's approach on modern slavery and prevention of child labour, and human trafficking across our full supply chain through training and supplier due diligence interviews
- Sustainability-linked and green loans totalling HK\$13.1 billion which is directly linked to our *Vision 2030* initiatives, targets and performance

## Group Corporate Responsibility Committee Report

### Governance on CRS

We regard the integration of sustainability as a sensible and necessary strategy that benefits the overall value of the group in both the short and long term. The Board considers this to be of substantial importance, warranting yearly review<sup>28</sup> of the group's approach, strategy and performance. The Board oversees the management of sustainability issues through regular engagement and updates from the Group Corporate Responsibility Committee (GCRC). GCRC has been given responsibility by the Group Management Board (GMB) to manage all aspects of the implementation of our sustainability approach and our *Vision 2030*. The GCRC, previously chaired by the CEO, is now co-chaired together with the Chief Corporate and Governance Officer as a reflection of the rising importance of sustainability in all aspects of our business and of proactively managing related risks. The GCRC, is supported by the Corporate Responsibility and Sustainability (CRS) Department, to coordinate and formalise efforts across the group.

The Audit Committee and the Group Risk Committee are delegated to monitor and develop risk mitigation measures for environmental & social (E&S) risks, which are principal risks. The Director of CRS coordinates with both committees on CRS-related risk mitigation actions and adaptation strategies across the group. In 2023, HSH's decarbonisation planning and roadmap, and the upcoming Stock Exchange and ISSB climate-related disclosure requirements were discussed with the Board.

### Key Work in 2023

We continued to monitor progress on our commitments in *Vision 2030* and provided support and focused attention on areas that needed more traction. In addition, GCRC carried out the following:

- Reviewed CRS performance data and recommended actions relating to energy, water and waste management, responsible sourcing, health and safety, empowering our people in the workplace, ethical standards and community engagement
- Discussed the key actions required to develop a HSH decarbonisation plan to achieve Scope 1 & 2 carbon emission reduction in line with global net zero goals
- Discussed the impact and actions required to address the upcoming climate-related disclosure requirements as proposed by the Stock Exchange, and sustainability-related regulations and legislations (such as the Municipal Solid Waste Charging Scheme and the regulation of Single Use Plastics in Hong Kong)
- Reviewed the plan to strengthen external communication on sustainability at The Peninsula Hotels
- Discussed latest market development including new hospitality sustainability standards globally, such as from the World Travel and Tourism Council (WTTC) and Türkiye's National Sustainable Tourism Programme, as reference of industry best practice and benchmarking
- Provided updates on allocation and facility amount of sustainability-linked and green loans

### Looking Forward

In 2024, GCRC's focus will be on (i) formal stakeholder engagement and materiality exercise to identify any gaps in *Vision 2030* in a post-pandemic environment, and fine tune *Vision 2030* goals, (ii) increasing employee awareness of *Vision 2030* through a comprehensive internal engagement programme across the group (iii) assessing asset-level climate risks and identify mitigation and adaptation actions for assets facing high-risk, and (iv) reviewing HSH's full value chain carbon emission inventory and setting a group net-zero carbon strategy.

<sup>28</sup> Sustainability topics reviewed and discussed at Board level can be found on page 174

## AUDIT COMMITTEE REPORT



“ The Audit Committee has continued to play a key role supporting the Board in matters relating to internal control, corporate governance, risk management, financial reporting and the rigorous independent assessment of the group’s principal risks and risk tolerance. ”

Patrick Paul  
Chairman of the Audit Committee  
19 March 2024



### Composition

Chairman	Mr Patrick Paul, INED
Members	Ms Ada Tse, INED Mr Andrew Brandler, NED



### Meeting Frequency

- At least four times every year with senior management, the external auditor and Group General Manager, Audit & Risk Management in attendance by invitation
- Five meetings in 2023



### Responsibilities

- To assist the Board in carrying out its responsibility of overseeing financial reporting, external audit, internal audit, risk management, internal controls and corporate governance

## HSH Finance Policies and Procedures Revamp Project

A collaborative working group was formed to revamp the HSH Finance Policies and Procedures (HSH Finance P&P). These are principle-based, practical policies and procedures which are designed with the aim of standardising current practices across the group and aligning with best market practices. They address recommendations and concerns arising from internal audit findings as well as past incident reports, and seek to overall strengthen the group’s internal controls. Semi-annual self-evaluation declarations and monthly submission of key controls checklists were introduced. The updated HSH Finance P&P was shared in MyHSH Hub and a workshop was organised by Head Office Operations Finance to help the relevant personnel in local finance teams to familiarise themselves with it. The Audit Committee reviewed the key changes and new requirements of HSH Finance P&P and the roles of Head Office Operations Finance as a second line of defence.

## Environmental, Social and Governance (ESG) Risks

As the Audit Committee has been delegated with additional responsibilities on reviewing ESG risks, the Committee scheduled an additional meeting to assess the current risks and determine the actions to be taken and discuss their disclosures in 2023. The Committee reviewed the company’s programmes and the sustainability targets, as well as our positions comparing to other hotel companies, the sufficiency of disclosure and its future approach. In addition, the Committee also discussed the climate-related disclosure requirements proposed by the Stock Exchange.

## Audit Committee Report

### Other Key Work in 2023

#### Annual/Interim Report and Financial Information

- Reviewed and endorsed the 2022 Annual Report, Corporate Responsibility and Sustainability Report, and the annual results announcement, as well as the 2023 Interim Report and the interim results announcement

#### Internal and external audits

- Approved the proposed 3-year internal audit plan commencing in 2024 focusing on revenue management, payroll and training, asset management and purchasing process
- Reviewed and discussed key internal audit findings and their recommendations
- Reviewed and endorsed KPMG's audit report on the financial statements for the 2022 Annual Report and discussed the key observations identified by KPMG during the course of their audit and the related recommendations
- Reviewed 2023 audit plans and reports from KPMG on its audit scope, approach, areas of focus, and IT audit plan and timeline
- Noted the external auditor's assurance of Corporate Responsibility and Sustainability Report
- Reviewed and approved the group's Policy for Engagement of External Auditors for Non-Assurance Services. This Policy sets out the circumstances when the group's external auditor may be engaged for provision of non-assurance services to ensure the group is in full compliance with the revised Code of Ethics for Professional Accountants issued by Hong Kong Institute of Certified Public Accountants

#### Financial reporting system, risk management and internal control systems

- Reviewed the progress of the roll-out of the global finance system which aims to improve operational efficiency and business support effectiveness. The system has been implemented in three hotels and by 2027, all operations will be part of the global finance system
- Reviewed the valuation process and the methodology adopted by independent valuers for revaluing the group's investment properties. Discussed the impairment assessment for the existing hotels and hotel projects and agreed that no impairment was required in 2022
- Reviewed the environmental and social risks that the group are facing and how these risks are managed through *Vision 2030*
- Reviewed and approved the structure, adequacy of resources, staff qualifications and experience, training programmes of the group's accounting, internal audit, financial reporting and CRS functions
- Reviewed and endorsed semi-annually the Group Risk Management Report detailing the principal risks faced by the group and any variances in 2023, mitigation controls and the adequacy and effectiveness of risk management and internal control systems
- Considered summaries of the internal representation letters from business operations which in turn formed the basis by which management confirmed the effectiveness of the group's risk management and internal control systems
- Reviewed and approved the representation letters to the external auditor before issuance of the 2022 Annual Report and Corporate Responsibility and Sustainability Report and 2023 Interim Report

## Governance

- Reviewed and confirmed that the corporate governance documents including HSH Code, Securities Code, Terms of Reference of Board and Audit Committee, Shareholder Communication Policy and the Speak Up Policy<sup>29</sup> remain relevant and no revisions are required
- Reviewed the group's communication channels, shareholders and investors engagement activities conducted in 2023<sup>30</sup> and the Committee was satisfied with the implementation and effectiveness of the Shareholder Communication Policy
- Reviewed all connected transactions including the office lease for the HSH Head Office and related party transactions
- Discussed and reviewed reported speak up cases and investigations undertaken and the new speak up channel to be rolled out in April 2024<sup>31</sup>

## Other

- Reviewed the group's tax position and associated tax issues, and the impacts arising from the changes in the tax laws and regulations, and the relevant actions being taken

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

Based on the reports from Group General Manager, ARM, summaries of internal representation letters and reports of the external auditor, the Audit Committee considers the overall operational, financial reporting and compliance controls, risk management and internal control systems for the group during 2023 to be effective and adequate. Issues raised by the internal and external auditors during 2023 have been, or are being addressed by management, and the Audit Committee advised the Board that there are no issues required to be raised to shareholders.

In March 2024, the Audit Committee reviewed and endorsed this annual report, the Corporate Responsibility and Sustainability Report, which is posted on the website<sup>32</sup>, and the annual results announcement, and recommended the same to the Board for approval.

## Ensuring the independence of our External Auditor

The group's external auditor is KPMG. We believe the independence of our external auditor is crucial to the effectiveness of our corporate governance and should not be compromised. The issue of auditor independence is reviewed annually. The lead partner of the external auditor rotates every seven years. In engaging the external auditor for non-audit work, we take into account the internal guideline adopted to monitor the amount of non-audit work given to the external auditor to ensure the provision of such services do not impair KPMG's independence or objectivity. In 2023, apart from audit work, the company also awarded non-audit work to KPMG including taxation and other services. We have updated the Policy for Engagement of the External Auditor for Non-Assurance Services to align with the Code of Ethics for Professional Accountants. In our first meeting in 2024, the Audit Committee reviewed the nature of non-audit work performed by KPMG and confirmed that it gave rise to no impairment of actual or perceived independence or objectivity of the audit work itself. The Committee has recommended to the Board the re-appointment of KPMG as independent auditor for shareholders' approval at the 2024 AGM.

A summary of fees for audit and non-audit services to KPMG for the financial years ended 31 December 2023 and 2022 is as follows:

Nature of Services	2023	2022
	HK\$m	HK\$m
Audit Services	11	10
Non-audit Services		
Taxation and other services	4	3

## Looking Forward

The Committee has continued to provide crucial independent insight over the group's risk control measures in an increasingly volatile international business environment. Strong governance and appropriate risk mitigation measures must be rigorously enforced in order to maintain the high standards of excellence expected by the group and its stakeholders. We expect that 2024 will bring additional challenges with continuing global instability and uncertainties, underlining the need for vigilance in respect of the group's financial and internal control mechanisms.

29 Please also refer to page 179 on Speak Up Policy

30 Details on shareholders engagement can be found on page 180

31 Details can be found on reporting channels on page 179

32 [www.hshgroup.com/en/sustainable-luxury/sustainability-reports](http://www.hshgroup.com/en/sustainable-luxury/sustainability-reports)



# NOMINATION COMMITTEE REPORT



“ We are pleased that Mr Diego González Morales, Ms Christobelle Liao and Mr Keith Robertson joined our Board, and Mr Gareth Roberts will follow suit in August 2024 underlining our commitment to diversity and selecting and mentoring the next generation of leaders. Their extensive and diverse experience will bring new insights and valuable contributions to the Board. ”

The Hon. Sir Michael Kadoorie  
 Chairman of the Nomination Committee  
 19 March 2024



### Composition

Chairman The Hon. Sir Michael Kadoorie, Non-Executive Chairman  
 Members Dr the Hon. Sir David Li, INED  
 Dr William Fung, INED



### Meeting Frequency

- At least two meetings every year
- Two meetings in 2023 and two Committee resolutions circulated for approval



### Responsibilities

- To evaluate the structure, size and composition of the Board
- To identify new Directors and recommend them for appointments
- To maintain an appropriate, adequate, effective and balanced Board
- To review the independence of INEDs
- To review the Board members' contributions, and training and development

## Board Composition and Diversity

A diverse Board brings constructive challenge and fresh perspectives to Board discussion. The company approaches diversity in the broadest sense, recognising the benefits of a diverse mix of skills, knowledge, age, race, gender and experience on its Board, whilst not compromising on the central principle of appointments based on merit. Our Diversity Policy can be found on the company website<sup>33</sup>. The Nomination Committee has reviewed the Board Diversity Policy during 2023 to ensure that it remains effective and that the measurable objectives set out therein remain relevant and up to date.

As mentioned in my last report, Mr Diego González Morales who joined the Board as a Non-Executive Director on 31 March 2023, following Mr William Mocatta's retirement from the Board after 37 years with the group. These changes were endorsed by the Committee in December 2022. During 2023, the Committee also endorsed the appointment of Ms Christobelle Liao as an Executive Director and the Chief Corporate and Governance Officer of the company effective on 4 August 2023. Ms Liao is currently a strategic leader on the Group Management Board, the Company Secretary of the company and overseeing the legal function, the Projects Group and the Group Corporate Responsibility and Sustainability function and has an intimate understanding of the company's culture and business, having been with the company since 2002. Her appointment also demonstrates our efforts on gender diversity as we improved on our proportion of female members on the Board.

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With the departure of Mr Christopher Ip, Chief Financial Officer, we engaged an executive search consultant to select candidates. The shortlisted candidates were interviewed by senior management and members of the Nomination Committee. The Nomination Committee reviewed the selection and assessment approach and endorsed the appointment of Mr Keith Robertson as an Executive Director and the Chief Financial Officer of the company effective on 29 January 2024. Mr Robertson has over 30 years of all-round finance experience in auditing, financial controlling, corporate finance, project finance, international tax planning, statutory reporting, mergers and acquisitions and investors relations.

With the retirement of Mr Peter Borer as an Executive Director and Chief Operating Officer of the company effective on 31 July 2024, the Nomination Committee endorsed the appointment of Mr Gareth Roberts as the Deputy Chief Operating Officer from 1 January 2024 and as the new Executive Director and Chief Operating Officer from 1 August 2024. Mr Roberts has 21 years of experience in the hotel industry. He is currently a member of the Group Management Board and Group Director, Brand and Operations Support overseeing sales and marketing, branding, guest experience and operations for both existing and new hotel developments for The Peninsula Hotels and the Peninsula Boutique retail business. Mr Borer will retire from his executive role and be re-designated as a Non-Executive Director of the company and will become a Senior Advisor to the Chairman for a term of two years effective from 1 August 2024.

Having regard to the Board's desire to appoint younger directors to bring a different mindset and insights to the business, the Committee considered that the appointments of Mr González Morales, Ms Liao, Mr Robertson, and Mr Roberts would bring fresh ideas and values to the Board with their individual expertise, background and experience. Their appointments followed the approach set out in our Board Diversity Policy and the appointments process followed the selection criteria, nomination process and procedures set out in our Nomination Policy<sup>34</sup>.

An executive search process is currently underway to identify a replacement for Mr Clement Kwok, our Managing Director and Chief Executive Officer, who will retire with effect from 31 October 2024. Mr Kwok will continue to serve as an Executive Director and adviser to the new Chief Executive Officer until the 2025 AGM.

After serving on the Board for 18 years, Mr John Leigh will retire from the Board and not seek re-election at the 2024 AGM. On behalf of the Board, I would like to record my sincere gratitude for his dedication and commitment to our company.

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

The Committee continues to believe that the current large size of the Board enables it to benefit from a diverse set of views based on the different backgrounds and experiences of all Directors. In addition, the Committee is committed to keeping no less than three female directors on the Board and increasing the number of female directors where possible, taking into account its overarching objective to identify the right person for the role. This can be seen with the appointment of Ms Christobelle Liao as the fourth female Director. On that basis, the Committee currently remains of the view that the existing gender mix is sufficient. In particular, the Board has three females out of seven INEDs, which is 43%, who represent independent views at the Board level. The gender mix and Board Diversity Policy will be reviewed on an annual basis and it is noted that the Board concurred with the views of the Committee.

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34 Please also refer to pages 182 and 183 on Nomination Policy

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## Nomination Committee Report

### Other Key Work in 2023

The Nomination Committee assessed and reviewed all INEDs' confirmations of independence and the cross-directorships of Dr Rosanna Wong<sup>35</sup> and Mr Philip Kadoorie who served on the Board of CK Hutchison Holdings Limited. The Nomination Committee considered that all seven INEDs who served in 2023 were and continued to be independent in accordance with the independence guidelines set out in rule 3.13 of the Listing Rules and that there were no business or other relationships or circumstances which are likely to affect the independent mindset of any of the INEDs and they continue to bring an independent view to our Board discussions and strategy oversight<sup>36</sup>.

The Committee also evaluated the contribution and time commitment of Directors (including INEDs)<sup>37</sup> put forward for re-election as well as their respective skills and experience and recommended them for re-election at the 2023 AGM.

In addition, the Committee further reviewed its own terms of reference and the Nomination Policy, and confirmed they both remained relevant and no revision was required.

In March 2024, the Committee approved this report for inclusion into the company's 2023 Annual Report and nominated of the Directors for re-election at the 2024 AGM with assessment on INED independence, contribution, time commitment and cross-directorships<sup>38</sup>.

### Looking Forward

The Nomination Committee is proud of the range and depth of experience the Board can offer, especially with the new appointments who will each bring valued and unique insights. Diversity comes in many forms and we are pleased that we move into 2024 having expanded the depth and range of skills, experience and background of our Board.

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<sup>35</sup> Dr Rosanna Wong serves as an INED and does not hold any shares in CK Hutchison Holdings Limited

<sup>36</sup> Please also refer to page 183 on Independence of INEDs

<sup>37</sup> Please also refer to page 183 on Time Commitment of Directors

<sup>38</sup> Details of the Directors who stand for re-election at 2024 AGM can be found on page 208 of the Directors' Report and the AGM Circular dated 12 April 2024

# REMUNERATION COMMITTEE REPORT



“ On behalf of the Remuneration Committee, I am pleased to present our 2023 Report. The Committee has focused on ensuring that our Board and senior management are remunerated fairly and competitively, thereby attracting global talent, all within the company’s financial capacity. ”

Patrick Paul  
Chairman of the Remuneration Committee  
19 March 2024



## Composition

Chairman	Mr Patrick Paul, INED
Members	Dr Rosanna Wong, INED Mr Andrew Brandler, NED



## Meeting Frequency

- At least two meetings every year with the Chief Executive Officer and Chief People and Culture Officer in attendance
- Two meetings in 2023 and three Committee resolutions circulated for approval



## Responsibilities

- To review and approve remuneration packages for Executive Directors and senior management
- To review and recommend proposals for Non-Executive Directors’ fees and Board Committee Chairmen and members’ fees for approval by shareholders and the Board respectively

## HSH Rewards Philosophy

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

### Key guiding principles

- Aim to pay a total remuneration package that is competitive with the relevant external market and achieves consistency and fairness with existing employees

- Design an appropriate mix of fixed and variable pay, taking into account the group’s pay policy and market practice to incentivise management and individual performance
- Provide meaningful and competitive benefits that resonate with our corporate values on employee care and inclusion, encourage long-term careers, and brand HSH as an employer of choice

## Remuneration for Executive Directors and Senior Management

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

## Remuneration Committee Report

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

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

### Basic compensation

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

### Bonuses and incentives

The provision of appropriate bonus and incentive awards for performance is vital to the continued growth to the business. Executive Directors' bonuses consist of contractual and/or discretionary short-term incentives, while other senior management participates in the HSH Management Bonus Plan<sup>39</sup> which is a short-term incentive scheme calculated by reference to financial and non-financial considerations as follows:

- The group's financial performance
- The Business Units' quality measurement<sup>40</sup>
- Individual performance
- Share price

### Retirement benefits

The Executive Directors and most of the senior management participate in the company's retirement plan which is a scheme set up under the Occupational Retirement Scheme Ordinance of Hong Kong – The Hongkong and Shanghai Hotels, Limited 1994 Retirement Plan or a local plan. The employer contributions to the company's plan for the Executive Directors, senior management and all other Hong Kong employees are made according to the plan's defined contribution level and vesting conditions. Employees can opt to contribute voluntarily.

### Other benefits

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

### Remuneration for Non-Executive Directors

Fees for Non-Executive Directors (NEDs) are fixed at shareholders general meetings, while any additional fees of NEDs for serving on Board Committees are fixed by the Board. The Committee has the responsibility for reviewing management's annual recommendations for these fees. Factors taken into account in this process include estimated time spent in the discharge of these duties and benchmarking against other Hong Kong listed companies of similar size and activities as well as other international companies. After review, the Committee makes recommendations to the Board. No director approves his or her own remuneration.

As disclosed in last year's annual report, the Committee approved management's proposal for the fees payable to the Chairman and members of the Audit Committee to be respectively increased to HK\$200,000 and HK\$165,000 per annum with effect from 1 January 2023, to reflect the additional responsibilities in respect of corporate governance matters.

In November 2023 the Committee proposed that the fees for NEDs and INEDs for 2024 be respectively fixed at the rate of HK\$370,000 and HK\$430,000 per annum. This was reflective of the responsibilities and workload of NEDs and INEDs and the fact that their fees had not been adjusted since 2018, and that during the COVID-19 pandemic in 2020 and 2021, the fees for NEDs were waived and the fees for INEDs were reduced by 20%. The Board in December 2023 approved the Committee's proposal. These revised fees are subject to shareholders' approval at the AGM on 8 May 2024 and if approved, will take effect on 8 May 2024 and be payable to the NEDs and INEDs on a pro rata basis for the financial year ended 31 December 2024. The Committee endorsed all the other fees of the NEDs and INEDs be maintained at the current levels as they are in line with the market pay trends.

<sup>39</sup> Senior staff also participates in the HSH Management Bonus Plan

<sup>40</sup> A quality score measuring user experience and/or operational excellence, and the quality measurement is currently under review

## Other Key Work in 2023

### 2024 salaries

In 2023, the Committee noted management's recommendation on a group-wide 2024 general salary increase and approved a similar percentage salary adjustment to Executive Directors and senior management.

### 2022 bonuses

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

### Remuneration packages of Executive Directors, Senior Management and Senior Advisor to the Chairman

The Committee reviewed and approved the remuneration packages of the new appointments, including Chief Corporate and Governance Officer, Ms Christobelle Liao, new Chief Financial Officer, Mr Keith Robertson, Chief Operating Officer, Mr Gareth Roberts, and Chief Property Development Officer, Ms Ming Chen and gave careful consideration to their proposed remuneration packages in the context of their individual qualifications and experience as well as the market competitiveness.

The Committee also reviewed and approved the remuneration of Mr Peter Borer, Senior Advisor to the Chairman, which was determined following an arm's length negotiation. The Committee also started the review of the CEO's remuneration package after he steps down in October 2024 while staying on the Board as an Executive Director and Advisor to the incoming CEO until the conclusion of the 2025 AGM.

### Others

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

In March 2024, the Committee approved this report for inclusion into the company's 2023 Annual Report.



# Remuneration Committee Report

## 2023 Remuneration of Directors and Senior Management

The following information is an integral part of the Audited financial statements for the year ended 31 December 2023.

### Non-Executive Directors – remuneration

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

(HK\$'000)	Executive Board	Executive Committee	Audit Committee	Remuneration Committee	Nomination Committee	Total <sup>(1)</sup> 2023	Total <sup>(1)</sup> 2022
<b>Non-Executive Directors</b>							
The Hon. Sir Michael Kadoorie	325	100	–	–	40	<b>465</b>	465
Mr Andrew C.W. Brandler	325	100	165	60	–	<b>650</b>	635
Mr William E. Mocatta <sup>(2)</sup>	81	–	–	–	–	<b>81</b>	325
Mr John A.H. Leigh	325	100	–	–	–	<b>425</b>	425
Mr Nicholas T.J. Colfer	325	–	–	–	–	<b>325</b>	325
Mr James L. Lewis	325	–	–	–	–	<b>325</b>	325
Mr Philip L. Kadoorie	325	–	–	–	–	<b>325</b>	325
Mr Diego A. González Morales <sup>(3)</sup>	245	–	–	–	–	<b>245</b>	–
<b>Independent Non-Executive Directors</b>							
Dr the Hon. Sir David K.P. Li	375	–	–	–	40	<b>415</b>	415
Mr Patrick B. Paul	375	–	200	100	–	<b>675</b>	660
Mr Pierre R. Boppe	375	–	–	–	–	<b>375</b>	375
Dr William K.L. Fung	375	–	–	–	40	<b>415</b>	415
Dr Rosanna Y.M. Wong	375	–	–	60	–	<b>435</b>	435
Dr Kim L. Winser	375	–	–	–	–	<b>375</b>	375
Ms Ada K.H. Tse	375	–	165	–	–	<b>540</b>	525
	4,901	300	530	220	120	<b>6,071</b>	6,025

### Executive Directors – remuneration

The remuneration of Executive Directors of the company for 2023 was as follows:

(HK\$'000)	Basic compensation	Bonus and incentives	Retirement benefits	Other benefits	Total <sup>(1)</sup> 2023	Total <sup>(1)</sup> 2022
<b>Executive Directors</b>						
Mr Clement K.M. Kwok	7,702	7,868	1,267	286	<b>17,123</b>	16,513
Mr Peter C. Borer	5,528	3,865	895	121	<b>10,409</b>	9,772
Mr Christopher S.M. Ip <sup>(4)</sup>	3,193	880	520	767	<b>5,360</b>	8,100
Ms Christobelle Y.C. Liao <sup>(5)</sup>	4,748	3,360	475	120	<b>8,703</b>	–
	21,171	15,973	3,157	1,294	<b>41,595</b>	34,385

Notes:

- (1) In line with industry practice, the group operates a scheme which encourages Directors and senior management to use the facilities of the group to promote its business. For this purpose, discount cards are issued to the Directors. The remuneration disclosed does not include the amount of discounts offered to the Directors and senior management
- (2) Mr William E. Mocatta retired as a Non-Executive Director of the company with effect from 31 March 2023
- (3) Mr Diego A. González Morales was appointed as a Non-Executive Director of the company with effect from 31 March 2023
- (4) Mr Christopher S.M. Ip resigned as an Executive Director of the company with effect from 31 March 2023 and remained employed by the company until 31 July 2023
- (5) Ms Christobelle Y.C. Liao was appointed as an Executive Director of the company with effect from 4 August 2023. The 2023 figure represents Ms Liao's full year remuneration

### Senior Management – remuneration

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

	<b>2023</b>	2022
	<b>Number</b>	Number
HK\$2,500,001 – HK\$5,000,000	<b>0</b>	4
HK\$5,000,001 – HK\$7,000,000	<b>5</b>	3
HK\$7,000,001 – HK\$9,000,000	<b>0</b>	1

\* GMB, the company's management and operations' decision-making authority. As at 31 December 2023, GMB comprised the three Executive Directors and five (2022: eight) senior management who represent the various key functions and operations of the company

### Individuals with highest remuneration

The five highest paid individuals of the group included three (2022: three) Executive Directors whose remuneration is set out above. The remuneration of the other two (2022: two) individuals with highest remuneration are within the following bands:

	<b>2023</b>	2022
	<b>Number</b>	Number
HK\$6,000,001 – HK\$6,500,000	<b>1</b>	0
HK\$6,500,001 – HK\$7,000,000	<b>1</b>	0
HK\$7,000,001 – HK\$7,500,000	<b>0</b>	1
HK\$7,500,001 – HK\$8,000,000	<b>0</b>	1

The aggregate of the remuneration in respect of these two (2022: two) individuals is as follows:

(HK\$'000)	<b>2023</b>	2022
Basic compensation	<b>7,275</b>	9,848
Bonus and incentives	<b>1,413</b>	3,745
Retirement benefits	<b>937</b>	476
Other benefits	<b>3,727</b>	924
	<b>13,352</b>	14,993
Number of Individuals	<b>2</b>	2

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

## 2024 and beyond

2024 will bring in a number of high profile changes to the company's Board and senior management. The Committee will continue to play a vital role in overseeing and scrutinising carefully crafted and detailed compensation packages which reflect the broad array of talent we have been fortunate to attract and retain. Its work will take place in the backdrop of challenging economic headwinds in a number of our key markets, reinforcing the need to maintain the delicate balance between fiscal prudence and attractive remuneration packages.

# DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2023.

## Principal Activities

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

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

## Business Review and Performance

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

Disclosures	Sections
(a) A fair review of the group's business and a discussion and analysis of the group's performance during the financial year 2023 and the material factors underlying its results and financial position, including analysis using financial key performance indicators	<ul style="list-style-type: none"> <li>Letter from the Chairman (pages 24 to 27)</li> <li>CEO Statement and Strategic Review (pages 28 to 50)</li> <li>Operational Review (pages 53 to 94)</li> <li>Financial Review (pages 96 to 114)</li> </ul>
(b) Outlook of the group's business	<ul style="list-style-type: none"> <li>Letter from the Chairman (pages 24 to 27)</li> <li>CEO Statement and Strategic Review (pages 28 to 50)</li> <li>Operational Review (pages 53 to 94)</li> </ul>
(c) Particulars of important events affecting the group that have occurred since the end of the financial year 2023	<ul style="list-style-type: none"> <li>Letter from the Chairman (pages 24 to 27)</li> <li>CEO Statement and Strategic Review (pages 28 to 50)</li> <li>Operational Review (pages 53 to 94)</li> </ul>
(d) Description of the principal risks and uncertainties facing the group	<ul style="list-style-type: none"> <li>Letter from the Chairman (pages 24 to 27)</li> <li>CEO Statement and Strategic Review (pages 28 to 50)</li> <li>Operational Review (pages 53 to 94)</li> <li>Corporate Governance Report (pages 168 to 185)</li> <li>Group Risk Committee Report (pages 186 to 189)</li> <li>Note 28 to the financial statements</li> </ul>
(e) Details regarding compliance with relevant laws and regulations which have a significant impact on the group	<ul style="list-style-type: none"> <li>Corporate Governance Report (pages 168 to 185)</li> <li>Corporate Responsibility and Sustainability Report (CRS Report)<sup>41</sup></li> </ul>
(f) An account of the group's relationships with its key stakeholders	<ul style="list-style-type: none"> <li>CEO Statement and Strategic Review (pages 28 to 50)</li> <li>Engaging with our Stakeholders (pages 138 to 142)</li> <li>Corporate Governance Report (pages 168 to 185)</li> <li>Group Corporate Responsibility Committee Report (pages 190 to 194)</li> </ul>
(g) Details regarding the environment and social related policies and performance	<ul style="list-style-type: none"> <li>Letter from the Chairman (pages 24 to 27)</li> <li>CEO Statement and Strategic Review (pages 28 to 50)</li> <li>Group Corporate Responsibility Committee Report (pages 190 to 194)</li> <li>CRS Report</li> </ul>

41 Posted on the company website: [www.hshgroup.com/en/sustainable-luxury/sustainability-reports](http://www.hshgroup.com/en/sustainable-luxury/sustainability-reports)

## Ten Year Operating Statistics and Financial Summary

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

### Share Capital

There was no movement in the share capital of the company during the year.

### Equity-linked Agreements

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

### Purchase, Sale or Redemption of Listed Securities

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

### Dividends

No interim dividend was paid during the year 2023 (2022: Nil). The Directors have recommended a final dividend of 8 HK cents per share (2022: Nil) and this is in line with our dividend policy of providing its shareholders with a stable and sustainable dividend stream, which is linked to the cashflows from operating activities and underlying earnings. Subject to the shareholders' approval at the AGM on 8 May 2024, such dividends will be payable on 20 June 2024 to shareholders whose names appear on the register of members on 17 May 2024.

The proposed final dividend will be offered with a scrip alternative for shareholders to elect to receive such final dividend wholly or partly in the form of new fully paid shares instead of in cash. The new shares to be issued pursuant to the scrip dividend scheme are subject to their listing being granted by the Listing Committee of the Stock Exchange.

A circular containing details of this scrip dividend scheme will be dispatched to shareholders together with an election form for the scrip dividend on 22 May 2024.

### Borrowings

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

### Charitable Donations

Cash donations made by the group for charitable purposes during the year amounted to HK\$1.38 million (2022: HK\$0.75 million)<sup>42</sup>.

### Major Customers and Suppliers

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

### Connected Transactions

Audit & Risk Management Department has reviewed all connected transactions and confirmed that the internal control procedures of the connected transactions are adequate and effective. The Audit Committee has also reviewed these connected transactions.

### Material Related Party Transactions

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

### Directors

Biographical details of the Directors in office at the date of this report are shown on pages 154 to 162. All of them held office throughout 2023 and up to the date of this report, with the exception of Mr Diego González Morales who was appointed as a Non-Executive Director on 31 March 2023, Ms Christobelle Liao who was appointed as an Executive Director and the Chief Corporate and Governance Officer on 4 August 2023 and Mr Keith Robertson who was appointed as an Executive Director and the Chief Financial Officer on 29 January 2024. During the year, Mr William Mocatta retired as a Non-Executive Director and Mr Christopher Ip resigned as an Executive Director and the Chief Financial Officer, both effective from 31 March 2023.

<sup>42</sup> The donations amount of HK\$3.8 million (2022: HK\$0.94 million) referred to in the Sustainability Data Statements on page 286 include donations by managed properties owned by a joint venture and associates and employees. This figure excludes the HK\$37.9 million the group has set aside as a special donation under our "Hope for Türkiye" fundraising campaign which was an initiative to support those affected by the devastating earthquake that occurred in Türkiye in February 2023. The group is now reviewing the most appropriate non-profit or governmental organisation partner to achieve the optimal outcome for our donation.

## Directors' Report

In accordance with the Articles of Association of the company, all the Directors except for Mr John Leigh who will retire at the 2024 AGM<sup>43</sup> and, being eligible, have agreed to offer themselves for re-election. They include Ms Christobelle Liao, Mr Keith Robertson, Mr Nicholas Colfer, Mr James Lewis, Mr Philip Kadoorie, Dr the Hon. Sir David Li and Ms Ada Tse. Mr Leigh does not offer himself for re-election and will retire at the 2024 AGM.

None of the Directors proposed for re-election at the 2024 AGM has a service contract with the company which is not determinable by the company within one year without payment of compensation, other than statutory compensation.

### Directors of Subsidiaries

The list of directors who have served on the boards of the subsidiaries of the company during the year and up to the date of this report is shown on the company website<sup>44</sup>.

### Senior Management

Biographical details of senior management in office at the date of this report are shown on pages 163 and 164. All of them held office throughout 2023 and up to the date of this report, except Ms Ming Chen who was appointed as a member of the Group Management Board on 1 January 2024. During the year, Ms Christobelle Liao transitioned to become a Board member on 4 August 2023 and Ms Shirley Lam resigned on 17 November 2023.

### Interests of Directors

As at 31 December 2023, the interests or short positions of the Directors of the company in the shares, underlying shares and debentures of the company or any associated corporation, within the meaning of Part XV of the Securities and Futures Ordinance (SFO), as recorded in the register required to be kept under section 352 of the SFO, are as follows:

### Long position in shares of the company

	Capacity	Number of shares held in the company	% of total number of shares in issue of the company
The Hon. Sir Michael Kadoorie	Note (a)	848,805,369	51.460
Mr Clement K.M. Kwok	Beneficial Owner	760,122	0.046
Mr Peter C. Borer	Beneficial Owner	378,936	0.023
Mr John A.H. Leigh	Note (b)	84,170,232	5.103
Mr Philip L. Kadoorie	Note (c)	848,805,369	51.460
Dr the Hon. Sir David K.P. Li	Beneficial Owner	1,137,146	0.069
Mr Pierre R. Boppe	Beneficial Owner	30,000	0.002

#### Notes:

- (a) The Hon. Sir Michael Kadoorie was deemed (by virtue of the SFO) to be interested in 848,805,369 shares in the company. These shares were held in the following capacity:
- (i) 356,666,831 shares were ultimately held by a discretionary trust, of which The Hon. Sir Michael Kadoorie is one of the discretionary beneficiaries and the founder; and
  - (ii) 492,138,538 shares were ultimately held by a discretionary trust, of which The Hon. Sir Michael Kadoorie is one of the discretionary beneficiaries and the founder.
- (b) Mr John A.H. Leigh was deemed (by virtue of the SFO) to be interested in 84,170,232 shares in the company. These shares were ultimately held by a discretionary trust. Mr John A.H. Leigh was deemed to be interested in such 84,170,232 shares in his capacity as one of the trustees of a trust which was deemed to be interested in such 84,170,232 shares.
- (c) Mr Philip L. Kadoorie was deemed (by virtue of the SFO) to be interested in 848,805,369 shares in the company. These shares were held in the following capacity:
- (i) 356,666,831 shares were ultimately held by a discretionary trust, of which Mr Philip L. Kadoorie is one of the discretionary beneficiaries; and
  - (ii) 492,138,538 shares were ultimately held by a discretionary trust, of which Mr Philip L. Kadoorie is one of the discretionary beneficiaries.

<sup>43</sup> AGM will be held on 8 May 2024

<sup>44</sup> [www.hshgroup.com/en/corporate-governance/directors-of-subsidiaries](http://www.hshgroup.com/en/corporate-governance/directors-of-subsidiaries)

Mr Andrew Brandler, Ms Christobelle Liao, Messrs Nicholas Colfer, James Lewis, Diego González Morales, Patrick Paul; Dr William Fung, Dr Rosanna Wong, Dr Kim Winser and Ms Ada Tse who are Directors of the company have each confirmed that they had no interests in the shares of the company or any of its associated corporations as at 31 December 2023.

Certain Directors held qualifying shares in two subsidiaries of the company, on trust for the parent company of that subsidiaries.

Except as set out above, as at 31 December 2023, none of the Directors of the company (including their spouses and children under 18 years of age) had any interests or short positions in the shares, underlying shares and debentures of the company or its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register required to be kept under section 352 of the SFO.

## Long position in shares of the company

### (a) Substantial shareholders

	Capacity	Number of shares held in the company	% of total number of shares in issue of the company
Acorn Holdings Corporation	Beneficiary	261,682,888	15.87 <sup>(i)</sup>
Bermuda Trust Company Limited	Trustee/Interests of controlled corporations	345,853,120	20.97 <sup>(i)</sup>
Guardian Limited	Beneficiary/Interest of controlled corporation	84,170,232	5.10 <sup>(ii)</sup>
Harneys Trustees Limited	Trustee/Interests of controlled corporations	932,975,601	56.56 <sup>(ii)</sup>
Lawrencium Holdings Limited	Beneficiary	492,138,538	29.84 <sup>(ii)</sup>
Lawrencium Mikado Holdings Limited	Beneficiary	356,666,831	21.62 <sup>(ii)</sup>
The Magna Foundation	Beneficiary	356,666,831	21.62 <sup>(ii)</sup>
The Mikado Private Trust Company Limited	Trustee/Interests of controlled corporations	848,805,369	51.46 <sup>(ii)</sup>
The Oak Private Trust Company Limited	Trustee/Interests of controlled corporations	84,170,232	5.10 <sup>(ii)</sup>
Oak (Unit Trust) Holdings Limited	Trustee	84,170,232	5.10 <sup>(i)</sup>
Oak HSH Limited	Beneficiary	84,170,232	5.10 <sup>(ii)</sup>

At no time during the year was the company, or its subsidiaries, or its associated companies, a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in, or debentures of, the company or of any other body corporate.

## Interests of Senior Management

As at 31 December 2023, none of the senior management had any interests in the shares and underlying shares of the company.

## Interests of Substantial Shareholders

So far as is known to any Director of the company, as at 31 December 2023, shareholders (other than Directors of the company) who had interests or short positions in the shares and underlying shares of the company as recorded in the register required to be kept under section 336 of the SFO, are as follows:



## Directors' Report

### Notes:

- (i) Bermuda Trust Company Limited was deemed to be interested in the shares in which Acorn Holdings Corporation, Oak (Unit Trust) Holdings Limited and The Oak Private Trust Company Limited were deemed to be interested, either in the capacity as trustee of various discretionary trusts and/or by virtue of having direct or indirect control over such companies.
- (ii) The Mikado Private Trust Company Limited was deemed to be interested in the shares in which Lawrencium Holdings Limited and Lawrencium Mikado Holdings Limited were deemed to be interested, either in the capacity as trustee of a discretionary trust and/or by virtue of having direct or indirect control over such companies. The Magna Foundation was also deemed to be interested in the shares in which Lawrencium Mikado Holdings Limited was deemed to be interested.
- The interests of The Mikado Private Trust Company Limited in the shares of the company include the shares held by a discretionary trust of which The Hon. Sir Michael Kadoorie and/or Mr Philip L. Kadoorie are among the discretionary beneficiaries and/or a founder as disclosed in "Interests of Directors".
- (iii) Harneys Trustees Limited was deemed to be interested in the shares in which The Mikado Private Trust Company Limited and Guardian Limited were deemed to be interested, either by virtue of having direct or indirect control over such companies and/or in the capacity as one of the trustees of a discretionary trust.
- The shares in which Guardian Limited was deemed to be interested was duplicated within the interests attributed to Mr John A.H. Leigh in his capacity as one of the trustees of a discretionary trust as disclosed in "Interests of Directors".
- (iv) The Oak Private Trust Company Limited was deemed to be interested in the shares in which Oak HSH Limited was deemed to be interested, either in the capacity as trustee of a discretionary trust and/or by virtue of having direct or indirect control over such company.

### (b) Other substantial shareholders

	Capacity	Number of shares held in the company	% of total number of shares in issue of the company
Mr Ng Chee Siong	Trustee	84,828,218	5.14 <sup>(i)</sup>
Mr Philip Ng Chee Tat	Trustee	84,828,218	5.14 <sup>(i)</sup>
Sino Hotels (Holdings) Limited	Interests of controlled corporations	84,828,218	5.14 <sup>(i)</sup>

### Note:

- (i) Mr Ng Chee Siong and Mr Philip Ng Chee Tat, had trustee interest in their capacity as the co-executors of the estate of Mr Ng Teng Fong, who controlled Sino Hotels (Holdings) Limited and therefore they were both deemed to be interested in the 84,828,218 shares in which Sino Hotels (Holdings) Limited was deemed to be interested. Hence, the share interests of Mr Ng Chee Siong, Mr Philip Ng Chee Tat and Sino Hotels (Holdings) Limited as disclosed were duplicated.

Except as set out above, as at 31 December 2023, the company had not been notified of any substantial shareholder (other than Directors of the company) who had interests or short positions in the shares or underlying shares of the company that were recorded in the register required to be kept under section 336 of the SFO.

### Interests of Any Other Person

As at 31 December 2023, the company had not been notified of any person other than the substantial shareholders who had interests or short positions in the shares or underlying shares of the company, which are required to be recorded in the register required to be kept under section 336 of the SFO.

### Directors' Interests in Transactions, Arrangements or Contracts

No transaction, arrangement or contract of significance to which the company or its subsidiaries was a party and in which a Director of the company or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2023 or at any time during the year.

### Directors' Indemnities

The company maintains directors' and officers' liability insurance, which gives appropriate cover for any legal action brought against its Directors. The level of the coverage is reviewed annually by Finance Committee. The company has also granted indemnities to each Director of the company (including former Directors) and some of the Directors of its associated companies to the extent permitted by law. The indemnity was in force throughout the financial year and is currently in force.

### Employee Retirement Benefits

Details of the group's employee retirement benefits are shown in note 27 to the financial statements.

### Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the company was entered into or existed during the year.

## Corporate Governance Report

The Corporate Governance Report outlines the company's approach to governance is set out on pages 168 to 185.

## Loan Agreements with Covenants Relating to Specific Performance of the Controlling Shareholder

The company has not entered into any new loan agreements containing any covenant relating to specific performance of the controlling shareholder, which is required to be disclosed in accordance with rule 13.18 of the Listing Rules.

## Directors' Responsibilities for the Financial Statements

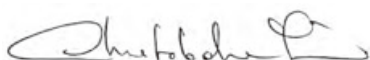
The Directors are responsible for preparing the financial statements for each financial period. These financial statements must present a true and fair view of the state of affairs of the group and of the results and cashflows of the relevant period. The Directors are also responsible for ensuring that the group operates an efficient financial reporting system and keeps proper accounting records which disclose at any time and with reasonable accuracy the financial position of the group.

In preparing the financial statements for the year ended 31 December 2023, the Directors have selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

## Auditor

The financial statements for the year ended 31 December 2023 have been audited by KPMG who will retire at the 2024 AGM and, being eligible, offer themselves for re-appointment. A resolution to re-appoint KPMG (Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance) as auditor and authorise the Directors to fix their remuneration will be proposed at the 2024 AGM.

By Order of the Board



Christobelle Liao  
Executive Director  
19 March 2024